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public accounts 1983-84

volume 2 – financial statements of crown corporations boards commissions

ONTARIO

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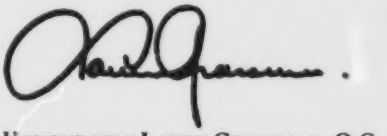
I am pleased to present this volume, which contains financial statements of selected crown corporations, boards and commissions, as a supplement to the 1983-84 Public Accounts of the Province of Ontario.

To assist readers, the organization and content of the Public Accounts is described in A Guide to Public Accounts on page 7 of this volume.

Comments or queries will be welcome and should be directed to the Financial Information and Accounting Policy Branch, Office of the Treasury, Ministry of Treasury and Economics.



HONOURABLE LARRY GROSSMAN, Q.C.
Treasurer of Ontario and
Minister of Economics

Toronto, November, 1984

MINISTERIAL RESPONSIBILITY FOR CROWN CORPORATIONS, BOARDS AND COMMISSIONS

Minister of Agriculture and Food
- The Crop Insurance Commission of Ontario
- Farm Income Stabilization Commission of Ontario
- The Ontario Junior Farmer Establishment Loan Corporation

Attorney General
- The Accountant of the Supreme Court of Ontario
- The Public Trustee of the Province of Ontario

Minister of Consumer and Commercial Relations
- Liquor Control Board of Ontario

Minister of Education and of Colleges and Universities
- Ontario Educational Services Corporation
- Teachers' Superannuation Fund

Minister of Energy
- Ontario Energy Corporation
- Ontario Hydro

Minister of the Environment
- Ontario Waste Management Corporation

Minister of Industry and Trade
- The Development Corporations (combined)
- Eastern Ontario Development Corporation
- Idea Corporation
- Northern Ontario Development Corporation
- Ontario Development Corporation
- Ontario Centre for Advanced Manufacturing
- Ontario Centre for Automotive Parts Technology
- Ontario Centre for Farm Machinery and Food Processing Technology
- Ontario Centre for Microelectronics
- Ontario Centre for Resource Machinery Technology

Minister of Labour
- Workers' Compensation Board

Minister of Municipal Affairs and Housing
- Ontario Housing Corporation
- Ontario Land Corporation

Minister of Natural Resources
- Algonquin Forestry Authority

Minister of Northern Affairs
- Ontario Northland Transportation Commission

Minister of Tourism and Recreation
- The Niagara Parks Commission
- Ontario Lottery Corporation
- Ontario Place Corporation

Minister of Transportation and Communications
- Toronto Area Transit Operating Authority
- Urban Transportation Development Corporation Ltd.

Treasurer of Ontario
- The Ontario Education Capital Aid Corporation
- The Ontario Municipal Improvement Corporation
- The Ontario Universities Capital Aid Corporation

TABLE OF CONTENTS

		Page
General		
A Guide to Public Accounts		7
FINANCIAL STATEMENTS		
Accountant of the Supreme Court of Ontario	March 31, 1984	8
Algonquin Forestry Authority	March 31, 1984	11
Crop Insurance Commission of Ontario	March 31, 1984	17
Development Corporations (Combined)	March 31, 1984	22
Eastern Ontario Development Corporation	March 31, 1984	29
Farm Income Stabilization Commission of Ontario	March 31, 1984	32
Idea Corporation	March 31, 1984	38
Liquor Control Board of Ontario	March 31, 1984	43
Niagara Parks Commission	October 31, 1983	46
Northern Ontario Development Corporation	March 31, 1984	52
Ontario Centre for Advanced Manufacturing	March 31, 1984	57
Ontario Centre for Automotive Parts Technology	March 31, 1984	61
Ontario Centre for Farm Machinery and Food Processing Technology	March 31, 1984	65
Ontario Centre for Microelectronics	March 31, 1984	69
Ontario Centre for Resource Machinery Technology	March 31, 1984	73
Ontario Development Corporation	March 31, 1984	78
Ontario Education Capital Aid Corporation	March 31, 1984	84
Ontario Educational Services Corporation	March 31, 1984	86
Ontario Energy Corporation	December 31, 1983	90
Ontario Housing Corporation	December 31, 1983	96
Ontario Hydro	December 31, 1983	101
Ontario Junior Farmer Establishment Loan Corporation	March 31, 1984	114
Ontario Land Corporation	March 31, 1984	116
Ontario Lottery Corporation	March 31, 1984	124
Ontario Municipal Improvement Corporation	March 31, 1984	128
Ontario Northland Transportation Commission	December 31, 1983	130
Ontario Place Corporation	March 31, 1984	139
Ontario Universities Capital Aid Corporation	March 31, 1984	143
Ontario Waste Management Corporation	March 31, 1984	146
Public Trustee of the Province of Ontario	March 31, 1984	149
Teachers' Superannuation Fund	December 31, 1983	155
Toronto Area Transit Operating Authority	March 31, 1984	161
Urban Transportation Development Corporation Ltd.	December 31, 1983	168
Workers' Compensation Board	December 31, 1983	176

A GUIDE TO PUBLIC ACCOUNTS

1. SCOPE OF THE PUBLIC ACCOUNTS

The 1983-84 Public Accounts of the Province of Ontario comprise three volumes:

Volume 1 contains the financial statements of the Province and schedules of supporting information.

Volume 2, a supplementary volume, contains the financial statements of those provincial crown corporations, boards and commissions in which the Province has an investment or which have borrowed from the Province or from others with a guarantee by the Province. Also included are selected agencies and certain significant operational agencies which are funded in whole or in part by revenues generated from their operations.

Volume 3, also a supplementary volume, contains the details of expenditures required by the Standing Public Accounts Committee.

2. A GUIDE TO VOLUME 2 OF PUBLIC ACCOUNTS

The financial statements of the selected crown corporations, boards and commissions are for fiscal periods ending within the Province's own fiscal period April 1, 1983 to March 31, 1984. They are presented in the same detail as the approved, audited financial statements and as nearly as possible in the same form. The statements have been presented alphabetically as shown in the Table of Contents. In addition, a listing is provided which groups the crown corporations, boards and commissions by ministerial responsibility.

THE ACCOUNTANT OF THE SUPREME COURT OF ONTARIO

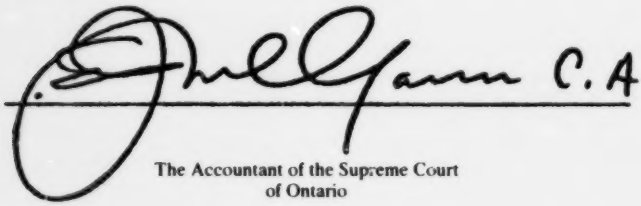
Balance Sheet as at March 31, 1984

ASSETS	1984	1983
Cash	$ 523,882	
INVESTMENTS, at cost (market value 1984, $184,355,422; 1983, $173,507,006) (Schedule 1)	215,188,143	$196,368,500
	$215,712,025	$196,368,500

LIABILITIES AND CAPITAL RESERVE		
LIABILITIES		
Bank indebtedness		$ 553,008
Funds paid into court re: Suits and matters	$202,295,979	182,975,842
The Land Titles Assurance Fund	1,166,735	1,248,685
The Land Titles Survey Fund	454,689	444,042
Suitors' suspense (note 2)	2,176,989	2,123,053
Other accrued liabilities	191,999	183,020
	206,286,391	187,527,650
CAPITAL RESERVE	9,425,634	8,840,850
	$215,712,025	$196,368,500

See accompanying schedule and notes to financial statements.

Approved:



The Accountant of the Supreme Court of Ontario

To The Accountant of the Supreme Court of Ontario and to the Attorney General.

I have examined the balance sheet of The Accountant of the Supreme Court of Ontario as at March 31, 1984 and the statement of income and capital reserve for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of The Accountant of the Supreme Court of Ontario as at March 31, 1984 and the results of operations for the year then ended in accordance with the accounting policies described in note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to The Accountant of the Supreme Court of Ontario and to the Attorney General.

Toronto, Ontario,
July 18, 1984.

D. F. Archer, F.C.A.,
Provincial Auditor.

THE ACCOUNTANT OF THE SUPREME COURT OF ONTARIO

Statement of Income and Capital Reserve
Year ended March 31, 1984

	1984	1983
INCOME		
Interest	$20,127,110	$18,952,766
EXPENDITURES		
Interest	18,083,761	18,205,442
Office expenses		
Salaries	220,389	209,947
Audit	8,700	8,400
General	19,707	26,451
Rent	40,425	44,086
Employee benefits	32,976	29,303
	18,405,958	18,523,629
EXCESS OF INCOME OVER EXPENDITURES	1,721,152	429,137
CAPITAL RESERVE, BEGINNING OF YEAR	8,840,850	8,376,388
	10,562,002	8,805,525
Gain (loss) on sale of investments	(1,136,368)	35,325
CAPITAL RESERVE, END OF YEAR	$ 9,425,634	$ 8,840,850

SCHEDULE 1

Schedule of Investments
March 31, 1984

	Par Value	Cost	Market Value
SUMMARY OF BONDS			
Province of Ontario	$ 8,500,000	$ 8,236,262	$ 7,679,000
Ontario Hydro	123,557,000	119,341,111	91,368,582
Government of Canada	36,300,000	36,649,600	35,893,300
Province of Saskatchewan	6,550,000	6,614,600	6,240,340
Province of British Columbia	3,000,000	3,070,200	2,910,000
Province of New Brunswick	3,000,000	3,012,500	2,865,000
Province of Nova Scotia	2,000,000	1,977,500	1,840,000
Accrued interest on purchases	237,170	237,170	237,170
	183,144,170	179,138,943	149,033,392
OTHER	19,300,000	19,324,460	18,743,132
SHORT TERM	17,000,000	16,724,740	16,578,898
	$219,444,170	$215,188,143	$184,355,422

See accompanying notes to financial statements.

THE ACCOUNTANT OF THE SUPREME COURT OF ONTARIO

Notes to Financial Statements Year Ended March 31, 1984

1. Summary of Accounting Policies

(a) The Accountant of the Supreme Court uses a cash basis of accounting, which, for office expenses, is modified to allow an additional thirty days to pay for goods and services pertaining to the fiscal year just ended. In this regard, payments to employees for the pay period which overlaps the fiscal year end date are apportioned between the two years.

(b) Fixed assets are recorded as expenditures when purchased.

(c) Funds are invested in income producing securities. Such securities are traded in order to achieve an increased yield, and only if any resultant loss on sale can be recovered through investment in replacement securities prior to the maturity date of the securities being traded. The securities are recorded at cost, with gains and losses on the sale of investments recognized in capital reserve on the first-in first-out basis.

2. Suitors' Suspense

All sums that are not claimed within ten years from the time when they became payable out of court are transferred from the suits and matters accounts to a suitors' suspense account which does not bear interest. This account has been reduced by amounts transferred to the Treasurer of Ontario by Order in Council. The transfers, which were made in the years 1936 to 1941, totalled $702,000.

4. Securities and Mortgages In Trust

The Accountant also acts as custodian of mortgages in the amount of $1,625,710 and miscellaneous securities and documents having a value of $833,426.

ALGONQUIN FORESTRY AUTHORITY

(Incorporated without share capital under the Algonquin Forestry Authority Act)

Balance Sheet as at March 31, 1984

Assets	1984 $	1983 $
Current Assets		
Cash	—	10,553
Accounts receivable	1,053,262	706,402
Inventory	62,250	40,804
Prepaid expenses	1,313	914
	1,116,825	758,673
Fixed (note 3)	305,902	248,325
Deferred charge	120,650	128,191
	1,543,377	1,135,189

Liabilities and Surplus

Current Liabilities		
Bank overdraft	50,388	—
Accounts payable and accrued liabilities	553,278	334,781
Contractors' performance holdbacks	87,883	52,742
Term loans, Province of Ontario	54,606	266,585
	746,155	654,108
Deferred credit (note 5)	35,278	—
Surplus	761,944	481,081
	1,543,377	1,135,189

See accompanying notes to financial statements.

On behalf of the Board:

B. A. Reynolds — Director

Frank Lovett — Director

ALGONQUIN FORESTRY AUTHORITY

Statement of Operations
for the year ended March 31, 1984

	1984 $	1983 $
Revenue		
Product sales (note 4)	8,140,299	6,031,694
Standing timber sales	636,508	644,189
Tree marking revenue (note 2)	–	69,018
Other	27,001	17,514
	8,803,808	6,762,415
Expenditure		
Operating – direct		
Logging and distribution costs	6,529,342	4,919,304
Crown timber stumpage charges	952,745	823,232
Tree marking (note 2)	–	52,550
Scaling (note 2)	–	37,351
Operations planning	47,528	20,318
Road maintenance	26,108	17,095
Area charges	9,165	8,143
	7,564,888	5,877,993
Operating income	1,238,920	884,422
Administrative – indirect operating and other		
Salaries and benefits	595,486	569,822
Depreciation and amortization	78,050	67,380
Vehicle operating	53,582	40,980
Office supplies and expenses	50,770	32,216
Interest	37,130	71,586
Consulting	30,723	8,013
Office rent	25,079	28,551
Directors' allowances and expenses	23,748	28,779
Staff travel	9,882	6,610
Public relations	7,255	4,218
Insurance	7,214	5,133
Technical supplies	7,176	8,099
Bad debt expense	6,477	323
Staff training	4,515	4,047
Staff recruitment and relocation	2,401	3,455
Legal	2,381	1,780
	941,869	880,992
Net income for the year (note 4)	297,051	3,430
Loss for the year – Forest Management Undertaking (Schedule)	(16,188)	–

See accompanying notes to financial statements.

ALGONQUIN FORESTRY AUTHORITY

Statement of Surplus
for the year ended March 31, 1984

	1984 $	1983 $
Algonquin Forestry Authority		
Surplus, beginning of year	481,081	477,651
Net Income for the year	297,051	3,430
Balance, end of year	778,132	481,081
Forestry Management Undertaking (note 2)		
Unappropriated Surplus, beginning of year	–	
Net loss for the year	(16,188)	
Appropriated for replacement of fixed assets	(17,662)	
Unappropriated surplus (deficit), end of year	(33,850)	–
Appropriated surplus, beginning of year	–	
Appropriated for replacement of fixed assets	17,662	
Appropriated surplus, end of year	17,662	
Balance, end of year	(16,188)	–
Surplus, end of year	761,944	481,081

Statement of Changes in Financial Position
for the year ended March 31, 1984

	1984 $	1983 $
Source of working capital		
Net income (loss) for the year:		
Algonquin Forestry Authority	297,051	3,430
Forest Management Undertaking	(16,188)	–
Add item not requiring outlay of working capital – depreciation and amortization	78,050	67,380
	358,913	70,810
Forest management grant – capital	242,689	–
Proceeds from disposal of fixed assets	3,994	7,560
	605,596	78,370
Use of working capital		
Purchase of fixed assets	339,491	64,908
Increase in working capital	266,105	13,462
Working capital, beginning of year	104,565	91,103
Working capital, end of year	370,670	104,565

See accompanying notes to financial statements.

ALGONQUIN FORESTRY AUTHORITY

Forest Management Undertaking
for the year ended March 31, 1984
(Note 2)

SCHEDULE

	1984 $
Revenue	
Operating grant	963,960
Start up grant	33,327
	997,287
Expenditures	
Direct expenditure	
Wages and benefits	404,778
Heavy equipment rental	191,383
Paint	71,438
Salt and calcium	52,023
Sub contractors – tree marking	37,155
Board and provisions	16,847
Scaling charges	1,808
	775,432
Indirect expenditure	
Salaries and benefits	102,368
Vehicle costs	40,984
Equipment rental	23,520
Technical supplies	18,864
Staff training	2,629
	188,365
	963,797
Operating Income	33,490
Administrative	
Staff recruitment and relocation	13,003
Consulting fees	12,500
Wages and benefits	8,223
Insurance	4,247
Staff travel and training	4,166
Office expense	4,139
Office rent	3,400
	49,678
Loss	(16,188)

See accompanying notes to financial statements.

ALGONQUIN FORESTRY AUTHORITY

Notes to Financial Statements
March 31, 1984

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Inventory

Inventory is stated at the lower of cost and net realizable value.

(b) Depreciation and amortization of fixed assets

Depreciation is provided for on the straight line method, generally using rates of 10 per cent per annum for furniture, fixtures, technical equipment, buildings and structures, 20 per cent per annum for data processing equipment and 33⅓ per cent per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amortization period of ten years.

(c) Deferred charges

Certain costs incurred in the development of a comprehensive forest management plan applicable to the period April 1, 1980 to March 31, 2000 were deferred and are being amortized on a straight line basis over 20 years.

2. FOREST MANAGEMENT UNDERTAKING

Effective April 1, 1983, the Authority undertook certain forest and land management activities formerly carried out by the Ministry of Natural Resources. Expenditures related to the start up of the Forest Management Undertaking and ongoing capital and operating costs were primarily funded by grants from the Ministry of Natural Resources.

3. FIXED ASSETS

Fixed assets in service are stated at cost and consist of:

	1984		1983	
	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
	$	$	$	$
Furniture and fixtures	40,833	19,276	33,405	15,781
Data processing	34,562	3,186	—	—
Technical equipment	12,331	5,267	11,403	4,070
Automotive equipment	95,248	72,099	91,237	60,541
Buildings and structures	13,961	8,673	13,461	7,294
Capital roads	463,934	246,466	392,874	206,369
Forest Management Undertaking (note 7)	207,411	—	—	—
	868,280	354,967	542,380	294,055
Forest Management Undertaking grant	(207,411)		—	
	660,869		542,380	
	(354,967)		(294,055)	
	305,902		248,325	

4. UNUSUAL EVENT

In August 1983, a strong wind blew down timber in an area of Algonquin Park. The Authority has been attempting to salvage this timber as quickly as possible to minimize decay and quality decline caused by insects and fungi. During the year, product sales of blowndown wood were $2,137,000. Salvage operations will be continuing into fiscal 1984-85 and it is anticipated that sales of blowndown wood for the year ended March 31, 1985 will be approximately $2,500,000.

5. DEFFERED CREDIT

The Ministry of Natural Resources has contributed $242,689 for capital expenditures relating to the Forest Management Undertaking of which $35,278 had not been spent as at March 31, 1984 and is therefore recorded as a deferred credit.

ALGONQUIN FORESTRY AUTHORITY

Notes to Financial Statements – Concluded
March 31, 1984

6. COMMITMENTS

The Authority rents premises under two leases which expire on November 30, 1985 and February 28, 1989. The current annual rent, excluding escalation costs, under these leases is $5,000 and $27,600 respectively.

7. CONTINGENT LIABILITY

The Memorandum of Understanding signed between the Minister of Natural Resources and the Authority specifies that all equipment purchased for the exclusive purposes of the Forest Management Undertaking funded by the Ministry will revert to the Ministry in the event the Undertaking is terminated. The cost of such equipment was $169,900 as of March 31, 1984.

8. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1984 presentation.

To the Members, Algonquin Forestry Authority, and
to the Minister of Natural Resources.

I have examined the balance sheet of the Algonquin Forestry Authority as at March 31, 1984 and the statements of operations, surplus, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In accordance with section 18 of the Algonquin Forestry Authority Act, a report on the audit has been made to the Authority and to the Minister.

J. F. Otterman

Toronto, Ontario,
June 8, 1984.

J. F. Otterman, C.A.,
Assistant Provincial Auditor.

THE CROP INSURANCE COMMISSION OF ONTARIO

(Incorporated without share capital under the Crop Insurance Act (Ontario))

Balance Sheet
as at March 31, 1984

ASSETS	1984	1983
	$	$
Cash	432,497	3,525,490
Accounts and premium subsidy receivable	466,721	516,465
	899,218	4,041,955

LIABILITIES AND DEFICIT

Provision for payment of unsettled indemnities (note 1b)	1,394,255	843,570
Premiums collected in advance (note 1c)	503,106	375,069
Unearned premiums (note 1d)	2,981,213	3,006,539
Advances from the Treasurer of Ontario (note 3)	36,696,416	47,532,208
Advances from the Ministry of Agriculture and Food	5,000	5,000
	41,579,990	51,762,386
Less deficit	40,680,772	47,720,431
	899,218	4,041,955

See accompanying notes to financial statements.

On behalf of the Commission:

Chairman Member

To The Crop Insurance Commission of Ontario and
to the Minister of Agriculture and Food.

I have examined the balance sheet of The Crop Insurance Commission of Ontario as at March 31, 1984 and the statements of revenue and expenditure and deficit for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1984 and the results of its operations for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

In accordance with section 12 of the Crop Insurance Act (Ontario), a report on the audit has been made to the Commission and to the Minister.

J. F. Otterman

Toronto, Ontario,
August 27, 1984

J. F. Otterman, C.A.,
Assistant Provincial Auditor.

THE CROP INSURANCE COMMISSION OF ONTARIO

Statement of Deficit
for the year ended March 31, 1984

	1984	1983
	$	$
Balance, beginning of year	47,720,431	34,015,429
Adjustments to prior year's indemnity provision (note 1b)	(7,005)	(116,388)
	47,713,426	33,899,041
Excess (deficiency) of expenditure over revenue	(7,032,654)	13,821,390
Balance, end of year	40,680,772	47,720,431

Statement of Revenue and Expenditure
for the year ended March 31, 1984

	1984	1983
	$	$
Revenue		
Crop Insurance Premiums:		
Premiums from insured persons	20,736,242	16,461,958
Premium subsidies from the Government of Canada	20,736,242	16,461,958
	41,472,484	32,923,916
Premium Adjustment (note 4)	—	30,000,000
Administrative expenses paid by the Province of Ontario (note 2)	3,503,680	3,334,250
Interest income	131,059	286,471
	45,107,223	66,544,637
Expenditure		
Indemnities (10,620 claims; 1983—8,427 claims)	30,410,262	74,115,585
Administrative expenses (Schedule)	3,503,680	3,334,250
Interest on advances from the Treasurer of Ontario (note 3)	4,160,627	2,916,192
	38,074,569	80,366,027
Excess (deficiency) of expenditure over revenue	(7,032,654)	13,821,390

See accompanying notes to financial statements.

SCHEDULE

THE CROP INSURANCE COMMISSION OF ONTARIO

Schedule of Administrative Expenses for the year ended March 31, 1984

	1984	1983
	$	$
Salaries	1,080,237	1,100,138
Commissions and fees—agents	979,252	880,319
Fees and expenses—adjusters	780,308	773,821
Data processing	320,330	258,366
Printing and stationery	71,682	119,706
Telephone, telegrams and postage	71,679	35,313
Automobile expenses	38,748	23,730
Advertising and publicity	36,475	29,131
Travelling expenses	35,844	35,488
Meetings and staff training	30,709	24,609
Members' allowances and expenses	19,095	11,556
Professional services	11,824	12,209
Fees and expenses—arbitration board	11,561	8,471
Miscellaneous supplies and services	8,245	14,460
Equipment and furniture purchases (note 1e)	7,691	6,933
	3,503,680	3,334,250

See accompanying notes to financial statements.

Notes to Financial Statements March 31, 1984

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting
The Commission uses the accrual basis of accounting except for administrative expenses which is on the cash basis although an additional thirty days is allowed to pay for goods and services pertaining to the fiscal year just ended.

(b) Provision for payment of unsettled indemnities
At the end of a fiscal year, the Commission estimates outstanding indemnities. In the subsequent year, any difference between the estimated and the actual indemnities is reflected in the statement of deficit and not in the statement of revenue and expenditure as the Commission feels the difference should not be reflected in the current year's operating results.

(c) Premiums collected in advance
Premiums collected in advance represent premiums received for the insurance of various crops where the deadline for applying for insurance coverage occurs after March 31, 1984. This insurance may be cancelled by the insured prior to the deadline date and premiums refunded.

(d) Unearned premiums
Unearned premiums represent premiums received for the winter wheat and fruit crops. The deadline for applying for insurance coverage occurred prior to March 31, 1984 and accordingly, the insurance coverage was in force at March 31, 1984 and the premiums cannot be refunded.

(e) Fixed assets
The costs of automobile, equipment and furniture purchases are expensed in the year of acquisition.

2. ADMINISTRATION

(a) Administrative expenses
Administrative expenses are paid out of moneys appropriated therefor by the Legislature of the Province of Ontario. The Commission has absorbed certain administrative expenses of the Farm Income Stabilization Commission of Ontario.

(b) Accommodation
Office space is provided by the Ministry of Agriculture and Food without charge.

THE CROP INSURANCE COMMISSION OF ONTARIO

Notes to Financial Statements – Concluded
March 31, 1984

3. ADVANCES FROM THE TREASURER OF ONTARIO
The Commission borrows funds from the Treasurer of Ontario to finance the deficit. Part of the advance has a fixed interest rate of 11.725 per cent to October 31, 1984 (1984 – $23,224,887; 1983 – $35,457,311). The remainder has a fixed interest rate of 11.25 per cent to January 31, 1988 (1984 – $13,471,529; 1983 – $12,074,897). There is no set repayment schedule.

4. PREMIUM ADJUSTMENT
The Government of Canada and the Province contributed $15,000,000 each to the Crop Insurance Commission on behalf of producers for premiums covering a number of specific crops including flue-cured tobacco which incurred major crop losses during the 1982 crop year.

5. COMPARATIVE FIGURES
Comparative figures have been reclassified where necessary to conform to the 1984 presentation.

THE DEVELOPMENT

ASSETS	1984	Combined as at March 1983
	$	$
Cash	20,303,110	21,122,878
Short term deposits	13,166,078	22,189,468
Investment, at cost (note 12)	59,000	–
Accounts receivable, net of allowance for doubtful accounts of $3,622 (1983 – $114,107)	222,974	300,897
Loans receivable		
Term, regular (note 11)	105,867,321	100,252,769
Term, incentive (note 11)	119,515,672	127,334,280
Performance, subject to forgiveness	110,979	767,760
Employment Development Fund	16,126,417	18,851,892
Ontario Industrial Parks Program	5,671,360	5,006,002
Board of Industrial Leadership and Development (BILD)	30,629,354	19,359,685
Eastern Ontario Subsidy Agreement (note 2)	6,271,843	4,652,383
St. Joseph's Heritage (note 3)	1,296,000	1,248,000
Flood Relief Loan Program	457,158	504,171
Rural Ontario Development Program	1,092,609	706,725
Northern Ontario Rural Development Agreement (note 4)	2,611,819	1,121,469
Ontario Program of Financial Assistance for Canadian Book Publishers	350,011	–
Long term investment (note 5a)	2,060,200	440,200
Net investment in lease (note 6)	360,897	370,057
Serviced land at Sheridan Park, at cost, (note 1c)	219,115	217,510
Fixed assets, less accumulated depreciation (notes 7 and 9)	4,242,489	4,488,327
Land and building held for sale (note 8)	131,528	131,528
	330,765,934	329,066,001

See accompanying notes to combined financial statements.

On behalf of the Board:

Director

Director

Director

CORPORATIONS

Balance Sheet
31, 1984

LIABILITIES	1984	1983
	$	$
Accounts payable and accrued charges	19,061	127,735
Interest payable	–	61,764
Deposits and trust accounts	1,768,343	780,098
Note payable – Ontario Land Corporation	406,276	451,418
Advances from the Province of Ontario		
Performance loans, subject to forgiveness	105,033	850,100
Other	256,351,738	266,074,311
Deferred revenue – Eastern Ontario		
Subsidy Agreement (note 2)	6,275,812	4,665,527
Northern Ontario Rural Development Agreement (note 4)	2,855,500	1,550,000
Ministry of Health		
St. Joseph's Heritage (note 3)	1,200,000	1,200,000
Provision for loss on investment (note 5b)	471,650	–
	269,453,413	275,760,953
SHAREHOLDER'S EQUITY		
Share capital – authorized and issued		
7,000 shares with a par value of $1,000 each	7,000,000	7,000,000
Retained earnings	54,312,521	46,305,048
	61,312,521	53,305,048
	330,765,934	329,066,001

To the Ontario Development Corporation,
Northern Ontario Development Corporation,
Eastern Ontario Development Corporation,
and to the Minister of Industry and Trade.

I have examined the combined balance sheet of the Development Corporations consisting of the Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation, as at March 31, 1984 and the combined statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Development Corporations as at March 31, 1984 and the results of their operations for the year then ended in accordance with the basis of accounting as described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

D. F. Archer

Toronto, Ontario,
August 17, 1984.

D. F. Archer, F.C.A.,
Provincial Auditor.

THE DEVELOPMENT CORPORATIONS

Combined Statement of Operations for the year ended March 31, 1984

	1984 $	1983 $
Revenue		
Interest	19,377,466	19,000,202
Net income on Industrial Parks Operations (Schedule I)	483,896	763,196
Financing and rental income	50,094	36,344
	19,911,456	19,799,742
Expense		
Interest	21,149,599	22,367,281
Administration (Schedule II)	6,290,359	5,680,023
Performance loan forgiveness	579,864	690,477
Term loans written off (note 1b)	6,339,648	7,268,368
Payments on guaranteed bank loans (note 1b)	4,072,586	4,282,778
Guarantee interest subsidy	388,847	79,020
Grant	—	100,000
	38,820,903	40,467,947
Loss before recoveries from the Province of Ontario	18,909,447	20,668,205
Recoveries from the Province of Ontario		
Interest expense	9,822,266	12,457,968
Administration	6,290,359	5,680,023
Performance loan forgiveness	579,864	690,477
Term loans written off	6,339,648	7,268,368
Payments on guaranteed bank loans	4,072,586	4,282,778
Guarantee interest subsidy	388,847	79,020
Grant	—	100,000
	27,493,570	30,558,634
Net income before the following	8,584,123	9,890,429
Equity share of loss on long term investment (note 5b)	576,650	—
Net income for the year	8,007,473	9,890,429

Combined Statement of Retained Earnings for the year ended March 31, 1984

	1984 $	1983 $
Balance, beginning of year	46,255,968	35,730,735
Correction of prior period errors (note 9)	49,080	(16,116)
Balance, beginning of year, as restated	46,305,048	35,714,619
Net income for the year	8,007,473	9,890,429
Transfer from replacement of buildings reserve	—	700,000
Balance, end of year	54,312,521	46,305,048

See accompanying notes to combined financial statements.

THE DEVELOPMENT CORPORATIONS

Statement of Industrial Parks Operations
for the year ended March 31, 1984
(note 1g)

SCHEDULE I

	1984 $	1983 $
Revenue		
Rental and utility charges	2,877,681	3,109,336
Interest	512,496	627,170
	3,390,177	3,736,506
Expense		
Salaries and staff benefits	1,118,311	1,117,805
Maintenance and administration	791,753	785,725
Depreciation (notes 1d and 9)	881,037	898,660
Interest expense	111,833	59,046
Bad debt expense	3,347	112,074
	2,906,281	2,973,310
Net income for the year (note 9)	483,896	763,196

Combined Administration Expenses
for the year ended March 31, 1984
(note 1f)

SCHEDULE II

	1984 $	1983 $
Salaries and staff benefits	5,012,412	4,637,299
Transportation and communication	528,118	420,880
Services	423,524	460,271
Supplies and equipment	326,305	161,573
	6,290,359	5,680,023

See accompanying notes to combined financial statements.

Notes to Combined Financial Statements
March 31, 1984

1. SIGNIFICANT ACCOUNTING POLICIES

(a) General

The combined financial statements include the accounts of Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation.

(b) Loans written off and guaranteed loans paid

Write-offs of loans ultimately deemed uncollectible and guaranteed loans paid are charged directly to expense in the combined statement of operations. These write-offs are reimbursable by the Treasurer of Ontario.

(c) Serviced land at Sheridan Park, at cost

The original cost as well as the cost of improvements have been apportioned on a per acre basis, and the resultant per acre cost is used in determining the cost of sales of this land.

(d) Depreciation

Equipment purchases for head and district offices administration are charged to expense in the year of acquisition except for the Industrial Parks operations which capitalize all such expenditures.

Depreciation of fixed assets is provided on a straight-line basis, using rates of from 5 to 20 per cent per annum for buildings and improvements, and 20 per cent per annum for equipment.

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1984 – Continued

(e) Long term investment

The Ontario Development Corporation accounts for investments in which it has significant influence on the equity basis.

(f) Administration expenses

These expenses are reflected on a modified cash basis as followed by the Province.

(g) Industrial Parks Operations

Revenue and expenses related to the Industrial Parks operations are recorded on the accrual basis.

2. Eastern Ontario Subsidy Agreement

The Eastern Ontario Subsidy Agreement is an incentive program designed to aid small businesses by providing interest free forgivable loans to new and existing small businesses in Eastern Ontario. It is jointly funded by the Governments of Canada and Ontario under The Eastern Ontario Subsidy Agreement.

Funds received for loan disbursements under the Agreement have been treated as transfer payments in the accounts of the Province. Although transfer payments are normally recorded as revenue, the Eastern Ontario Development Corporation has recorded the amount received from the Province as a liability which will be written down as loans are forgiven. This is consistent with the treatment accorded the other forgivable loans and avoids distorting the combined results of operations through timing differences between the recognition of the revenue and the subsequent expense on forgiveness of loans.

3. St. Joseph's Heritage

Funds were provided by the Ministry of Health and loaned to St. Joseph's Heritage, a medical and commercial centre, by the Northern Ontario Development Corporation under the authority of the Development Corporations Act. The Ministry of Health has undertaken to indemnify the Northern Ontario Development Corporation against all costs, losses or damages which it may suffer or become liable for in respect of the loan. Interest accrues on principal of $400,000 until April 1992. Subsequent to that date, the full advance is due and payable on demand and interest accrues on the entire outstanding balance from that time.

4. Northern Ontario Rural Development Agreement

The Northern Ontario Rural Development Agreement is an incentive program designed to aid small businesses by providing interest free forgivable loans to new and existing small businesses in Northern Ontario. It is jointly funded by the Governments of Canada and Ontario under the Northern Rural Development Subsidy Agreement.

Funds received for loan disbursements under the Agreement have been treated as transfer payments in the accounts of the Province. Although transfer payments are normally recorded as revenue, the Northern Ontario Development Corporation has recorded the amount received from the Province as a liability which will be written down as loans are forgiven. This is consistent with the treatment accorded the other forgivable loans and avoids distorting the combined results of operations through timing differences between the recognition of the revenue and the subsequent expense on forgiveness of loans.

This program terminated on March 31, 1984 and no further applications are being accepted. Payments on approved loans will be made to March 31, 1986.

5. Long Term Investments

(a) Allelix Inc.

The Ontario Development Corporation owns on behalf of BILD a 20 per cent equity interest in Allelix Inc., a joint venture with Canada Development Corporation (50 per cent) and John Labatt Ltd. (30 per cent), which will carry out basic and applied research in industrial and agricultural applications of biotechnology.

Transactions since acquisition consist of:

Common shares acquired	
200 shares, at cost	$ 200
Research contributions	2,060,000
	$2,060,200

The Ontario Development Corporation has, as agent for BILD, loaned Canada Development Corporation and John Labatt Ltd. $13,500,000 to finance the construction of the research facility. This loan, including accrued interest, is included in BILD loans receivable.

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1984 – Continued

(b) HSA Systems Inc.

The Ontario Development Corporation acquired a 35 per cent equity interest in HSA Systems Inc. for cash consideration of $105,000. The other 65 per cent interest is held by CapVest Limited, a subsidiary of Canada Development Corporation. HSA Systems Inc. is engaged in research and development, manufacture and marketing of electrochemical reactor systems.

The carrying value of the investment has been reduced by the Ontario Development Corporation's share of losses since acquisition, being $576,650. The remainder of the loss is recorded as a provision for loss on investment.

6. NET INVESTMENT IN LEASE

The Corporations own property which is leased to a client with an option to purchase. The Corporations' net investment in the lease is composed of total minimum lease payments less unearned finance income:

	1984	1983
	$	$
Total minimum lease payments receivable, including renewals, to March 1, 2000	634,446	667,602
Less: unearned finance income	(273,549)	(297,545)
	360,897	370,057

Lease payments under the terms of a renegotiated lease recommenced on June 1, 1983 after a 12 month moratorium.

Finance income related to the above direct financing lease is recognized in a manner that produces a constant rate of return of 8 per cent on the investment in the lease.

7. FIXED ASSETS

Fixed assets are stated at acquisition cost and consist of:

	1984			1983
	Cost	Accumulated Depreciation	Net	Net
	$	$	$	$
Land	341,514	–	341,514	341,514
Buildings and improvements	10,684,224	6,905,337	3,778,887	4,034,818
Equipment	605,195	483,107	122,088	111,995
	11,630,933	7,388,444	4,242,489	4,488,327

8. LAND AND BUILDING HELD FOR SALE

This acquisition arose as a result of Northern Ontario Development Corporation taking possession of a security for a loan on default by the borrower. The land and building are stated in the accounts at appraised value at the date of acquisition plus costs of improvements.

9. PRIOR PERIOD ERRORS

As a result of errors in depreciation calculation and the classification of certain assets in the Industrial Parks, the balance of retained earnings at March 31, 1983 has been adjusted by the cumulative amount by which depreciation had been reduced; $65,196 of the adjustment is applicable to 1983 and has been credited to income for the year. The remainder is applicable to years prior to 1983 and the balance of retained earnings at that date has been adjusted accordingly. Related fixed asset accounts also reflect the change in accumulated depreciation. The comparative figures have been restated.

10. WHOLLY-OWNED SUBSIDIARIES, NOT CONSOLIDATED

The Northern Ontario Development Corporation owns, on behalf of the Province of Ontario, all the issued shares of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The Corporation's investment in these wholly-owned subsidiaries was written off in 1975-76.

The combined reported loss of these subsidiaries for the year ended March 31, 1983 was $908,192 of which $811,201 related to interest expense. The combined deficit of these two subsidiaries as at March 31, 1983 was $7,460,309 and the combined contributed surplus was $681,858. The financial information for the year ended March 31, 1984 is not yet available.

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1984 – Concluded

On March 10, 1983, non interest bearing debentures in the amount of $25,000,000 payable on demand were issued by Minaki Lodge Resort Ltd. and Minaki Development Company Limited in favour of Ontario Development Corporation. These debentures were issued as security for amounts disbursed by the former Ministry of Industry and Tourism, the Ministry of Tourism and Recreation and the Northern Ontario Development Corporation to these wholly-owned subsidiary companies. The Corporations have not recorded these debentures in the accounts.

The Corporations have not consolidated these subsidiaries as they are deemed to be only temporary investments and their activities are not compatible with those of the Corporations.

11. Allowance for Doubtful Loans

Term loans do not reflect an allowance for doubtful loans as the Treasurer of Ontario reimburses the Corporations for all uncollectable loans written off. Had an allowance for doubtful loans been set up, the Corporations estimate that $21,994,000 (1983 – $21,800,000) would have been recorded.

12. Investment

The Northern Ontario Development Corporation accepted non-voting, non-cumulative, redeemable 8 per cent preferred shares of a company in lieu of interest in arrears on loan indebtedness.

13. Contingent Liabilities

(a) As at March 31, 1984 contingent liabilities in the form of guaranteed bank loans or other guarantees amounted to $53,768,000 (1983 – $60,439,000).

(b) A legal action claiming aggregate damages of $4,500,000 plus interest has been instituted against Northern Ontario Development Corporation, Ontario Development Corporation and others by a former shareholder of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The Corporations are of the opinion that the claim is without merit.

14. Commitments

Loans authorized but not disbursed as at March 31, 1984 amounted to $96,406,000 (1983 – $112,775,000). The amount of guarantees approved in respect of which bank loans had yet to be advanced was $22,924,000 (1983 – $19,372,000).

In connection with the investment in Allelix Inc., there is a commitment for additional construction loans of $1,500,000 and additional research contributions of $13,000,000 each of which will be financed by BILD.

In connection with the investment in HSA Systems Inc., there is a commitment for additional contributions of $157,500.

15. Transfer of Wholly-Owned Subsidiary

On March 31, 1984, Northern Ontario Development Corporation transferred all of the outstanding shares of Thunder Bay Ski Jumps Limited to the Ministry of Tourism and Recreation for no consideration. All loans to the subsidiary had been previously written off.

The reported loss of this former subsidiary for the year ended March 31, 1984 amounted to $113,087 (1983 – $100,877) and the reported deficit was $1,363,753 (1983 – $1,250,666).

16. Comparative Figures

Comparative figures have been reclassified where necessary to conform with 1984 presentation.

17. Subsequent Event

On August 9, 1984 the Ontario Development Corporation, acting as agent for the Ministry of Tourism and Recreation, has committed a loan up to $11,900,000 to the Metropolitan Toronto Convention Centre.

EASTERN ONTARIO DEVELOPMENT CORPORATION

(Incorporated without share capital under the Development Corporations Act)

Balance Sheet as at March 31, 1984

Assets	1984	1983
	$	$
Cash	511,022	4,856,561
Loans receivable		
Term, regular (note 3)	18,411,207	18,440,609
Term, incentive (note 3)	46,960,320	54,764,002
Ontario Industrial Parks Program	4,026,925	3,512,014
Eastern Ontario Subsidy Agreement (note 2)	6,271,843	4,652,383
Employment Development Fund	—	150,000
Board of Industrial Leadership and Development (BILD)	1,717,922	1,269,969
Rural Ontario Development Program	220,325	220,325
	78,119,564	87,865,863

Liabilities and Retained Earnings		
Interest payable	—	61,764
Deposits and trust accounts	15,337	—
Advances from the Province of Ontario	59,124,696	72,635,083
Due to Ontario Development Corporation		
(BILD)	3,593,675	2,915,000
Ontario Industrial Parks Program	3,390,419	2,915,291
Ontario Land Corporation	406,276	451,418
Deferred revenue – Eastern Ontario Subsidy Agreement (note 2)	6,275,812	4,665,527
Total liabilities	72,806,215	83,644,083
Retained earnings	5,313,349	4,221,780
	78,119,564	87,865,863

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

To the Eastern Ontario Development Corporation and
to the Minister of Industry and Trade.

I have examined the balance sheet of Eastern Ontario Development Corporation as at March 31, 1984 and the statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations for the year then ended in accordance with the basis of accounting described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

In accordance with section 24 of the Development Corporations Act, a report on the audit has been made to the Corporation and to the Minister.

Toronto, Ontario,
August 2, 1984.

D. F. Archer, F.C.A.,
Provincial Auditor.

EASTERN ONTARIO DEVELOPMENT CORPORATION

Statement of Operations
for the year ended March 31, 1984

	1984 $	1983 $
Revenue		
Interest	4,906,011	4,696,791
Expense		
Interest	7,484,215	7,967,978
Administration (Schedule)	519,237	463,418
Term loans written off (note 1b)	1,584,156	1,300,078
Payments on guaranteed bank loans (note 1b)	57,656	108,000
Guarantee interest subsidy	26,343	7,302
	9,671,607	9,846,776
Loss before recoveries from the Province of Ontario	4,765,596	5,149,985
Recoveries from the Province of Ontario		
Interest expense	3,669,773	4,924,619
Administration	519,237	463,418
Term loans written off	1,584,156	1,300,078
Payments on guaranteed bank loans	57,656	108,000
Guarantee interest subsidy	26,343	7,302
	5,857,165	6,803,417
Net income for the year	1,091,569	1,653,432

Statement of Retained Earnings
for the year ended March 31, 1984

Balance, beginning of year	4,221,780	2,568,348
Net income for the year	1,091,569	1,653,432
Balance, end of year	5,313,349	4,221,780

SCHEDULE

Administration Expenses
for the year ended March 31, 1984
(note 1c)

	1984 $	1983 $
Salaries and staff benefits	405,342	340,884
Transportation and communication	69,887	56,868
Services	26,547	64,849
Supplies and equipment	17,461	817
	519,237	463,418

See accompanying notes to financial statements.

EASTERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1984

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Loans receivable

Loans are disbursed by the Corporation under section 12(1) of the Development Corporations Act.

Under section 19a of the Act, as amended, the Corporation is authorized to act as agent for the Province in respect of programs, projects or other matters undertaken for the advancement of industrial or economic development.

In accordance with the Act, the loan agreements have been drawn between the borrowers and Ontario Development Corporation. For financial statement purposes, the loans are shown as receivable from borrowers by the disbursing Corporation.

(b) Loans written off and guaranteed loans paid

Write-offs of loans ultimately deemed uncollectible and guaranteed loans paid are charged directly to expense in the statement of operations. These write-offs are reimbursable by the Treasurer of Ontario.

(c) Administration expenses

These expenses are reflected on a modified cash basis as followed by the Province. These expenses do not include certain administrative expenses absorbed by Ontario Development Corporation.

Equipment purchases for general office use are charged to supplies and equipment in the year of acquisition.

2. EASTERN ONTARIO SUBSIDY AGREEMENT

The Eastern Ontario Subsidy Agreement is an incentive program designed to aid small businesses by providing interest free forgivable loans to new and existing small businesses in Eastern Ontario. It is jointly funded by the Governments of Canada and Ontario under The Eastern Ontario Subsidy Agreement.

Funds received for loan disbursements under the Agreement have been treated as transfer payments in the accounts of the Province. Although transfer payments are normally recorded as revenue, the Corporation has recorded the amount received from the Province as a liability which will be written down as loans are forgiven. This treatment avoids distorting the results of operations through timing differences between the recognition of the revenue and the subsequent expense on forgiveness of loans.

3. ALLOWANCE FOR DOUBTFUL LOANS

Term loans do not reflect an allowance for doubtful loans as the Treasurer of Ontario reimburses the Corporation for all uncollectible loans written off. Had an allowance for doubtful loans been set up, the Corporation estimates that $5,100,000 (1983 – $5,500,000) would have been recorded.

4. CONTINGENT LIABILITIES

As at March 31, 1984 contingent liabilities in the form of guaranteed bank loans or other guarantees amounted to $7,092,000 (1983 – $6,269,000).

5. COMMITMENTS

Loans authorized but not disbursed as at March 31, 1984 amounted to $13,577,000 (1983 – $20,387,000). The amount of guarantees approved in respect of which bank loans had yet to be advanced was $4,812,000 (1983 – $1,362,000).

6. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1984 presentation.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO
(Incorporated without share capital under the Farm Income Stabilization Act)

Balance Sheet
as at March 31, 1984

ASSETS	1984	1983
	$	$
Cash in banks	16,254,877	11,035,865
Accounts receivable (note 4)	10,493	56,170
	16,265,370	11,092,035
LIABILITIES		
Loans from the Treasurer of Ontario (note 5)	—	691,705
Farmers' enrollment fees, including interest income (schedule 1) (note 3)	9,925,573	8,997,266
Government subsidies (schedule 2) (notes 3 and 4)	6,339,797	1,403,064
	16,265,370	11,092,035

See accompanying schedules and notes to financial statements.

On behalf of the Commission:

Chairman

Member

To the Farm Income Stabilization Commission of Ontario and
to the Minister of Agriculture and Food.

I have examined the balance sheet of the Farm Income Stabilization Commission of Ontario as at March 31, 1984 and the statement of receipts and disbursements for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1984 and its receipts and disbursements in accordance with the accounting policies described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

In accordance with section 14 of the Farm Income Stabilization Act, a report on the audit has been made to the Commission and to the Minister.

J. F. Otterman, C.A.,
Assistant Provincial Auditor.

Toronto, Ontario,
August 3, 1984.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Statement of Receipts and Disbursements for the year ended March 31, 1984

	1984 $	1983 $
Receipts:		
Ontario Corn Stabilization Plan, 1979-1981:		
Subsidy from Province of Ontario	–	1,300,000
Ontario Soybean Stabilization Plan, 1979-1981:		
Subsidy from Province of Ontario	–	600,000
Ontario Barley Stabilization Plan, 1982-1984:		
Subsidy from Province of Ontario	62,524	–
Ontario Corn Stabilization Plan, 1982-1984: (note 7)		
Subsidy from Province of Ontario	5,786,679	–
Ontario Soybean Stabilization Plan, 1982-1984:		
Subsidy from Province of Ontario	2,564,463	–
Ontario White Bean Stabilization Plan, 1982-1984:		
Subsidy from Province of Ontario	535,000	–
Ontario Weaner Pig Stabilization Plan, 1980-1985:		
Subsidy from Province of Ontario	–	5,000,000
Loans from Province of Ontario	–	1,200,000
Interest income	228,812	183,547
Interest on outstanding fees (note 4)	45,077	359,306
	273,889	6,742,853
Farmers' enrollment fees, including interest income (note 3)	3,905,031	11,091,558
Administrative expenses paid by Province (notes 1 and 2)	308,978	261,200
	13,436,564	19,995,711
Disbursements:		
Stabilization payments (note 6):		
Ontario Corn Stabilization Plan, 1979-1981	557,937	879,328
Ontario Soybean Stabilization Plan, 1979-1981	189,501	449,085
Ontario Barley Stabilization Plan, 1982-1984	22,659	–
Ontario Corn Stabilization Plan, 1982-1984 (note 7)	2,219,703	–
Ontario Soybean Stabilization Plan, 1982-1984	2,916,381	–
Ontario White Bean Stabilization Plan, 1982-1984	569,448	–
Ontario Weaner Pig Stabilization Plan, 1980-1985	717	7,607,588
	6,476,346	8,936,001
Refunds of 1979-81 farmers' fees balance	688,860	1,762,375
Repayment of loans from Province of Ontario	691,705	2,435,098
Interest expense	51,663	434,990
Administrative expenses	308,978	261,200
	8,217,552	13,829,664
Excess of receipts over disbursements	5,219,012	6,166,047
Cash in banks, beginning of year	11,035,865	4,869,818
Cash in banks, end of year	16,254,877	11,035,865

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

SCHEDULE 1

Schedule of Farmers' Enrollment Fee Balances by Plan as at March 31, 1984

Stabilization Plan	Balance April 1, 1983	Fees	Interest	Total	Share of Payments	Refunds	Balance March 31, 1984
	$	$	$	$	$	$	$
(note 3)		(note 3)					
1979-81:							
Corn	1,031,489	–	27,952	27,952	(185,979)	(642,423)	231,039
Soybean	131,976	–	3,146	3,146	(63,167)	(46,437)	25,518
	1,163,465	–	31,098	31,098	(249,146)	(688,860)	256,557
1982-84:							
Corn	3,040,231	1,207,945	276,156	1,484,101	(739,901)	–	3,784,431
Soybean	1,317,864	520,467	116,880	637,347	(972,127)	–	983,084
White Bean	277,641	68,653	23,026	91,679	(189,816)	–	179,504
Winter Wheat	290,572	235,861	32,059	267,920	–	–	558,492
Barley	162,834	40,911	14,140	55,051	(7,553)	–	210,332
	5,089,142	2,073,837	462,261	2,536,098	(1,909,397)	–	5,715,843
1983-1987:							
Apples	–	302,866	12,865	315,731	–	–	315,731
1980-1985:							
Weaner Pig	2,744,659	641,346	251,676	893,022	(239)	–	3,637,442
	8,997,266	3,018,049	757,900	3,775,949	(2,158,782)	(688,860)	9,925,573

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

SCHEDULE 2

Schedule of Government Subsidies for the year ended March 31, 1984

	1984 $	1983 $
Ontario Corn Stabilization Plan, 1979-1981:		
Balance, beginning of year	713,781	–
Subsidy from Province of Ontario	–	1,300,000
Stabilization payments	557,937	879,328
Less farmers' share (⅓)	185,979	293,109
	371,958	586,219
Balance, end of year	341,823	713,781
Ontario Soybean Stabilization Plan, 1979-1981:		
Balance, beginning of year	300,610	–
Subsidy from Province of Ontario	–	600,000
Stabilization payments	189,501	449,085
Less farmers' share (⅓)	63,167	149,695
	126,334	299,390
Balance, end of year	174,276	300,610
Ontario Corn Stabilization Plan, 1982-1984:		
Balance, beginning of year	–	–
Subsidy from Province of Ontario	5,786,679	–
Stabilization payments	2,219,703	–
Less farmers' share (⅓)	739,901	–
	1,479,802	–
Balance, end of year	4,306,877	–
Ontario Soybean Stabilization Plan, 1982-1984:		
Balance, beginning of year	–	–
Subsidy from Province of Ontario	2,564,463	–
Stabilization payments	2,916,381	–
Less farmers' share (⅓)	972,127	–
	1,944,254	–
Balance, end of year	620,209	–
Ontario White Bean Stabilization Plan, 1982-1984:		
Balance, beginning of year	–	–
Subsidy from Province of Ontario	535,000	–
Stabilization payments	569,448	–
Less farmers' share (⅓)	189,816	–
	379,632	–
Balance, end of year	155,368	–

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Schedule of Government Subsidies
for the year ended March 31, 1984 – Continued

	1984 $	1983 $
Ontario Barley Stabilization Plan, 1982-1984:		
Balance, beginning of year	–	–
Subsidy from Province of Ontario	62,524	–
Stabilization payments	22,659	–
Less farmers' share (⅓)	7,553	–
	15,106	–
Balance, end of year	47,418	–
Ontario Weaner Pig Stabilization Plan, 1980-1985:		
Balance, beginning of year	388,673	390,267
Subsidy from Province of Ontario	–	5,000,000
Interest income	228,812	183,547
Overprovision for bad debts	115,000	–
	343,812	5,183,547
Stabilization payments	717	7,607,588
Less farmers' share (⅓)	239	2,535,864
	478	5,071,724
Loan interest net of interest on accounts receivable	38,181	113,417
	38,659	5,185,141
Balance, end of year	693,826	388,673
Balance, end of year	6,339,797	1,403,064

SCHEDULE 3

Schedule of Administrative Expenses
for the year ended March 31, 1984

	1984 $	1983 $
Salaries and wages	55,350	50,060
Transportation and communication	16,026	16,719
Services	224,190	157,853
Supplies and equipment	13,412	36,568
	308,978	261,200

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Notes to Financial Statements
March 31, 1984

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The Commission uses a cash basis of accounting except for the following modifications:

(i) For administrative expenses, an additional thirty days is allowed to pay for goods and services pertaining to the fiscal year just ended. In this regard, payments to employees for a pay period which overlaps the fiscal year end date are apportioned between the two years.

(ii) An allowance for doubtful accounts has been established as discussed in note 4.

(iii) Interest is accrued on both outstanding fees receivable and the loan from the Treasurer of Ontario.

2. ADMINISTRATIVE EXPENSES

Administrative expenses are paid out of moneys appropriated therefor by the Legislature of the Province of Ontario. Certain additional administrative expenses have been absorbed by The Crop Insurance Commission of Ontario.

3. FARM INCOME STABILIZATION PLANS

Farm income stabilization plans are established by regulations under the Farm Income Stabilization Act. These voluntary plans are designed to stabilize the income of Ontario farmers in periods of low market prices. Federal stabilization support payments are made for the difference between the current market price and 90 per cent of the five-year average market price as adjusted for changes in cash costs of production. On the same basis, provincial plans support prices between 90 and 95 per cent of the five year average price.

Fees are normally collected in advance except as discussed in note 4 and are set at a level sufficient to cover approximately one-third of the stabilization support payments in accordance with the provisions of section 6(3) of the Farm Income Stabilization Act. The Province of Ontario provides the other two-thirds.

Upon termination of each plan, moneys standing to the credit of farmers enrolled in these plans will be refunded together with any interest earned thereon. Voluntary stabilization plans exist for the following seven commodities: corn, soybeans, white beans, winter wheat, barley, apples and weaner pigs.

4. ONTARIO WEANER PIG STABILIZATION PLAN, 1980-1985

The Government of Ontario developed this five year plan to help stabilize the incomes of many of the province's pork producers. The plan functions in the manner as discussed in Note 3, with one exception. In previous years, in order to pay the producers the maximum amount possible under the regulations when stabilization support payments were made, the difference between the farmers' one-third share of the stabilization support payments and their prepaid registration fees were not deducted from the stabilization support payments but rather were recorded as accounts receivable. While the Commission will endeavour to recover the advances including interest at a later date, a reserve for doubtful accounts of $237,000 has been reflected in the Commission's accounts as at March 31, 1984 (1983 – $400,000).

5. LOANS FROM THE TREASURER OF ONTARIO

The Treasurer of Ontario has provided loans under section 11 of the Act to finance a portion of the stabilization payments under the Ontario Weaner Pig Stabilization Plan, 1980-1985. The maximum term of each of these loans is five years, and they bear interest for that term at the current market rate as determined by the Treasurer of Ontario at the time such loans are authorized by Order in Council.

6. STABILIZATION PAYMENTS

Stabilization payments for the 1981 crop year are currently being made under the Corn Stabilization Plan, 1979-1981 and the Soybean Stabilization Plan, 1979-1981. Farmers are eligible to make claims under the above plans until August 31,1984.

Stabilization payments for the 1982 crop year are currently being made under the 1982-1984 Corn, Barley, Soybean and White Bean Stabilization Plans. Farmers are eligible to make claims under the Corn, Soybean and White Bean plans until August 31, 1985. Claims under the Barley plan can be made until July 31, 1985.

7. REVISION OF 1982 CORN STABILIZATION PRICE

The federal Agricultural Stabilization Board adjusted their price calculations of the support payment relating to the 1982 corn plan. The new level of support increased the provincial 1982 corn payment by $2.7 million including the farmers' one-third share. These payments will be disbursed in forthcoming fiscal years.

8. COMPARATIVE FIGURES

Comparative figures in Schedule 3 have been reclassified where necessary to conform to the 1984 presentation.

IDEA CORPORATION

(Incorporated without share capital under The IDEA Corporation Act, 1981)

Consolidated Balance Sheet as at March 31, 1984

(with comparative figures as at March 31, 1983)

Assets	1984	1983
	$	$
Cash and short term deposits	17,371,299	5,819,857
Accounts receivable	1,373	1,287
Due from the Province of Ontario (note 9)	20,000,000	5,000,000
Interest receivable	2,522	–
Recoverable advance (note 9)	718,457	–
Loan receivable (note 5)	50,000	50,000
Notes receivable (note 6)	250,000	–
Investment (note 3)	1,431,246	–
Prepaid expenses and deposits	44,406	149,777
Fixed assets (note 7)	1,014,256	44,571
Deferred organization expenses	–	21,888
	40,883,559	11,087,380
Liabilities		
Accounts payable and accrued liabilities	201,498	228,210
Deferred Province of Ontario operating subsidy	1,358,888	859,170
	1,560,386	1,087,380
Equity		
Contributed capital from the Province of Ontario (note 9)	40,000,000	10,000,000
Deficit	676,827	–
	39,323,173	10,000,000
Total liabilities and equity	40,883,559	11,087,380

Commitments (notes 6 and 8)

See accompanying notes to financial statements.

Approved:

Chairman

Director

IDEA CORPORATION

Consolidated Statement of Operations for the year ended March 31, 1984

(with comparative figures for 1983)

	1984	1983
	$	$
Interest income	147,552	11,042
Expenses		
Salaries and employees cost	1,739,233	477,933
Consulting and legal fees	288,529	140,990
Premises	455,830	44,830
Communications and public relations	166,503	46,559
Policy analysis	40,525	–
Directors' fees and other expenses	27,710	28,354
Rental of equipment	25,916	32,375
Depreciation	156,712	3,992
General administration	387,298	76,839
Research and development projects funded	126,542	–
Loss on investments (note 4)	509,862	–
	3,924,660	851,872
Loss from operations	3,777,108	840,830
Province of Ontario operating subsidy	3,100,281	840,830
Loss and deficit for the year	676,827	–

Consolidated Statement of Changes in Cash Position for the year ended March 31, 1984

(with comparative figures for 1983)

	1984	1983
	$	$
Source of Cash		
Increase in contributed capital	30,000,000	10,000,000
Province of Ontario operating subsidy	3,600,000	1,700,000
Less: Loss from operations	3,777,108	840,830
Add: Depreciation	156,712	3,992
Provided from (used in) operations	(20,396)	863,162
Decrease (increase) in other assets	124,651	(172,952)
	30,104,255	10,690,210
Use of Cash		
Increase (decrease):		
Due from Province of Ontario	15,000,000	5,000,000
Recoverable advance	718,457	–
Loan receivable	–	30,000
Notes receivable	250,000	–
Investments	1,431,246	–
Additions to fixed assets	1,126,398	48,563
Decrease (increase) in accounts payable and accrued liabilities	26,712	(228,210)
	18,552,813	4,870,353
Net increase in cash	11,551,442	5,819,857
Cash and short term deposits, beginning	5,819,857	–
Cash and short term deposits, ending	17,371,299	5,819,857

See accompanying notes to financial statements.

IDEA CORPORATION

Notes to Consolidated Financial Statements
March 31, 1984

1. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and reflect the following policies:

(a) Consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries. The operating results of all subsidiaries are included in the consolidated financial statements from the dates of their incorporation.

(b) Investment in shares

Investments are recorded at cost. Cost includes the funded amount and any direct expenses, including legal costs. Investments will be written down when, in the opinion of management, there has been a permanent impairment in the value of the investments. The amount of any permanent impairment will be determined by management and may require, due to the early-stage nature of the investments, subjective judgment.

(c) Investments in research projects

Investments in research projects are charged to operations as funded unless the research project meets generally accepted accounting criteria for deferral and amortization. In the opinion of management, the research projects funded to date have not met all the criteria for deferral and amortization. Therefore, all fundings have been expensed as incurred.

(d) Fixed assets and depreciation

Fixed assets are stated at acquisition cost. Depreciation is provided on the diminishing balance method at rates of 20 per cent for office furniture and fixtures and computer equipment and 30 per cent for office equipment. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

(e) Subsidies

Subsidies from the Province of Ontario in excess of operating losses of the parent company for the period are deferred and amortized against operating losses as incurred by the parent company.

(f) Income taxes

The Corporation (and its wholly-owned subsidiaries) as a Provincial Crown Corporation is not subject to income tax.

2. Contributed Capital from the Province of Ontario

Operating and investment funds are paid out of moneys appropriated therefor by the Ontario Legislature. The Province of Ontario has committed funds to flow approximately as follows:

(in $ millions)

1982-83	1983-84	1984-85	1985-86	1986-87	Total
11.7	35.0	30.4	21.5	8.4	107.0

Actual funds contributed were $11.7 million in 1982-83 and $33.6 million in 1983-84. (See note 9)

3. Investment

Two subsidiaries have an equity participation of approximately 28 per cent, subject to some dilution depending upon profitability, in the shares of a syndicated investment company, formed to invest in the industrial sector.

4. Loss on Investments

During the year a subsidiary invested in, and subsequently wrote off, $212,478 related to an investment in a company. The shares in the investee were cancelled for no consideration to permit another group of investors to make an equity injection under a plan of reorganization in which the subsidiary declined participation.

The remainder of the loss is the pro-rata share of another subsidiary in the start-up costs of a Fund. The subsidiary committed to be the lead investor in the creation of a syndicated venture capital fund, subject to a minimum subscription of units from other participants. As this minimum subscription was not attained, the syndication efforts were discontinued.

5. Loan Receivable

The loan receivable is due to a subsidiary and is secured by a first floating debenture on all of the assets of an investee company, and pays interest monthly at the bank prime rate. The principal amount of the loan is

IDEA CORPORATION

Notes to Consolidated Financial Statements – Concluded
March 31, 1984

due July 1, 1985; the subsidiary has the option, exercisable until June 30, 1985 to convert the loan into 12.5 per cent of the common shares of the company. The subsidiary also has an option, exercisable until June 30, 1985, to purchase an additional 37.5 per cent of the common shares of the investee company for $150,000.

6. NOTES RECEIVABLE AND COMMITMENT

The notes receivable are due to a subsidiary and are secured by a fixed charge on the technology developed by an investee company and bear interest at ¾ of 1 per cent above the bank prime rate. The subsidiary is committed to loan a further $400,000 to the investee if and when certain conditions are met. The principal amount of the loan is due December 1, 1984. The subsidiary has a right of first refusal on future financing.

7. FIXED ASSETS

Fixed assets and related accumulated depreciation and amortization are classified as follows:

	1984			1983
	Cost	Accumulated Depreciation/ Amortization	Net	Net
	$	$	$	$
Furniture and fixtures	422,275	61,868	360,407	238
Office equipment	352,647	57,442	295,205	44,333
Leasehold improvements	393,769	35,125	358,644	–
	1,168,691	154,435	1,014,256	44,571

8. COMMITMENTS

(a) Leasehold obligations

The Corporation is committed to payments, under operating leases, for approximately $6,200,000. The minimum annual rental payments over each of the next five years are as follows:

1984-85	$607,000
1985-86	624,000
1986-87	673,000
1987-88	700,000
1988-89	807,000

(b) Research fundings

A subsidiary is committed to fund an additional $601,200 as required up to August 1985 in a research project in which the subsidiary has a 50 per cent participation in the income generated on commercialization. The total commitment to the project is $673,700, of which $72,500 has been funded.

(c) Investment funding

Two subsidiaries are committed to fund a combined additional $5.7 million, as required, up to March 31, 1987.

9. SUBSEQUENT EVENTS

(a) Contributed capital

Subsequent to March 31, 1984, the Corporation received $20.0 million in investment funds which are reflected as due from the Province of Ontario at March 31, 1984. These funds were invested in shares of wholly-owned subsidiaries.

(b) Recoverable advance

Approximately $500,000 was received in June 1984 in partial payment of the recoverable advance. The remaining amount has been satisfied by the receipt of approximately 5 per cent of the common shares of a software company.

10. COMPARATIVE FIGURES

The comparative figures include the operations of the Corporation and the only transactions, a loan advance in the amount of $50,000 and deferred organization expenses, incurred by subsidiaries prior to March 31, 1983. The operations of subsidiaries did not commence until April 1983.

IDEA CORPORATION

To the IDEA Corporation and
to the Minister of Industry and Trade.

I have examined the consolidated balance sheet of IDEA Corporation as at March 31, 1984 and the consolidated statements of operations and changes in cash position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

A report on the audit has been made to the Corporation and, in accordance with section 17 of The IDEA Corporation Act, 1981, to the Minister of Industry and Trade.

D. F. Archer

Toronto, Ontario,
July 24, 1984.

D. F. Archer, F.C.A.,
Provincial Auditor.

LIQUOR CONTROL BOARD OF ONTARIO
(Incorporated under the Liquor Control Act)

Balance Sheet
March 31, 1984

Assets

	1984 $	1983 $
Current		
Cash	46,374,698	20,300,802
Accounts receivable, trade and others	1,203,631	3,550,497
Inventories, at cost	122,396,480	129,242,615
Prepaid expenses	1,323,094	959,793
	171,297,903	154,053,707
Fixed (note 1)	1	1
	171,297,904	154,053,708

Liabilities and Retained Income

Current		
Accounts payable and accrued liabilities	83,529,499	88,400,471
Retained income	87,768,405	65,653,237
	171,297,904	154,053,708

See accompanying notes to financial statements.

Approved:

Chairman

General Manager

To the Liquor Control Board of Ontario and
to the Minister of Consumer and Commercial Relations.

I have examined the balance sheet of the Liquor Control Board of Ontario as at March 31,1984 and the statements of income and retained income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1984 and the results of its operations for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Board and to the Minister.

Toronto, Ontario,
September 5, 1984.

D. F. Archer, F.C.A.,
Provincial Auditor.

LIQUOR CONTROL BOARD OF ONTARIO

Statement of Income
year ended March 31, 1984

	1984	1983
	$	$
Sales	1,504,737,798	1,467,296,832
Cost of sales	761,275,680	746,512,482
Gross income	743,462,118	720,784,350
Operating expenses		
Salaries and employee benefits	124,221,379	117,741,756
Rent	14,780,764	13,302,381
Repairs and maintenance	3,131,979	3,441,950
Grants in lieu of taxes	3,291,072	3,169,968
Utilities	4,161,295	3,479,299
Packing material	1,856,435	1,961,064
Stationery	1,086,999	1,041,593
Travelling	569,650	510,480
Stock breakage and losses	1,397,202	1,500,275
Agency commissions and expenses	933,961	878,742
Armoured car services	1,110,300	932,393
Security services	171,941	121,367
Equipment rental and supplies	636,042	692,853
Telephone and telegraph	634,022	566,125
Other	5,231,820	4,040,801
Fixed assets	44,292,718	50,761,698
	207,507,579	204,142,745
Operating income	535,954,539	516,641,605
Other income		
Special occasion permit purchase fees	3,801,214	3,704,226
Interest on bank balances	678,810	1,829,559
Miscellaneous income	1,680,605	1,052,596
	6,160,629	6,586,381
Net income for the year	542,115,168	523,227,986

Statement of Retained Income
year ended March 31, 1984

	1984	1983
	$	$
Balance, beginning of year	65,653,237	75,425,251
Add net income for the year	542,115,168	523,227,986
	607,768,405	598,653,237
Deduct payments to the Treasurer of Ontario on account of net income	520,000,000	533,000,000
Balance, end of year	87,768,405	65,653,237

See accompanying notes to financial statements.

LIQUOR CONTROL BOARD OF ONTARIO

Notes to Financial Statements
March 31, 1984

1. SIGNIFICANT ACCOUNTING POLICY

Basis of Accounting

The Board's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition and carried on the books at a nominal value of $1.00.

2. SELF-INSURANCE

The Board follows the policy of self-insuring its store assets for property damage such as fire, water and vandalism or theft.

3. FIXED ASSETS

The total accumulated costs of fixed assets at year end, less disposals, are as follows:

	1984	1983
	$	$
Land	10,407,527	10,223,942
Buildings	58,741,368	55,439,169
Construction in progress (Distribution Warehouse – Whitby) (note 4)	91,823,390	52,753,588
Furniture and equipment	11,224,530	11,076,053
Leasehold improvements	10,821,735	10,881,563
	183,018,550	140,374,315

4. CONSTRUCTION IN PROGRESS: DISTRIBUTION WAREHOUSE – WHITBY

The Board is building a new automated warehouse in Whitby, Ontario with total costs estimated at $108,000,000 through the calendar year 1984. Details of the expenditures are as follows:

	1984	1983
	$	$
Land	3,026,013	3,026,013
Building	88,729,420	49,711,194
Furniture and equipment	67,957	16,381
	91,823,390	52,753,588
Pallets	2,065,763	495,501
Estimated cost to complete	14,110,847	54,750,911
	108,000,000	108,000,000

5. LEASE COMMITMENTS

The Board is committed under operating leases on leased premises with future minimum rental payments due as follows:

	$
1985	11,200,000
1986	9,000,000
1987	7,900,000
1988	6,700,000
1989	5,400,000
thereafter	16,500,000
	56,700,000

STATEMENT 1

THE NIAGARA PARKS COMMISSION

Balance Sheet
as at October 31, 1983

ASSETS

	1983 $	1982 $
Current		
Cash	7,182,101	6,391,617
Accounts receivable		
Ontario Hydro	312,443	395,719
Sundry	250,008	285,120
Inventories – note 1(a)		
Saleable merchandise	1,507,750	1,688,376
Maintenance and other supplies	176,655	177,801
Prepaid expenses	99,757	152,006
	9,528,714	9,090,639
Investment of Funds for Future Capital Program – note 3	7,213,728	6,500,000
Fixed – notes 1(b), 2 and 4		
Land	4,755,601	4,755,601
Buildings, roadways and structures	26,229,871	24,058,095
Equipment and furnishings	4,006,899	3,753,529
Automobiles and trucks	858,689	787,589
	35,851,060	33,354,814
Accumulated depreciation	12,750,833	11,772,575
	23,100,227	21,582,239
Capital works in progress	603,636	707,376
	23,703,863	22,289,615
	40,446,305	37,880,254

LIABILITIES

Current		
Accounts payable	987,742	1,867,796
Accrued payroll	328,852	289,949
	1,316,594	2,157,745
Long-term Indebtedness		
Mortgage payable – note 4	26,000	28,000

EQUITY

Equity (Statement 2)	39,103,711	35,694,509
	40,446,305	37,880,254

See accompanying notes to financial statements.

On behalf of the Commission:

James N. Allan
Chairman

Vice-Chairman

STATEMENT 2

THE NIAGARA PARKS COMMISSION

Statement of Equity
for the year ended October 31, 1983

	1983	1982
	$	$
Equity, beginning of year	35,694,509	31,780,853
Excess of income over expenditure for the year (Statement 3)	3,409,202	3,913,656
Equity, end of year	39,103,711	35,694,509

STATEMENT 3

Statement of Income and Expenditure
for the year ended October 31, 1983

	1983	1982
	$	$
Income		
Water rentals	3,125,046	2,974,963
Privileges, tolls and fees	609,888	495,428
Net income from gift shops, restaurants and attractions, exclusive of any portion of the administrative overhead of the Commission (Schedule 5)	7,201,161	6,804,908
Sundry income	24,976	43,234
Profit on disposal of fixed assets – net	9,651	37,931
Premium on United States funds – net	140,997	137,641
Interest on bank deposits	1,035,340	1,438,674
	12,147,059	11,932,779
Expenditure		
Maintenance expenses (Schedule 6)	6,455,800	5,720,280
Administrative and general expenses (Schedule 7)	1,346,312	1,527,985
Advertising and public relations	295,802	258,667
Mortgage interest	1,533	1,647
Bank charges and interest	14,797	–
	8,114,244	7,508,579
Excess of income over expenditure for the year before depreciation on non-income producing assets	4,032,815	4,424,200
Depreciation of non-income producing assets	623,613	510,544
Excess of income over expenditure for the year	3,409,202	3,913,656

See accompanying notes to financial statements.

THE NIAGARA PARKS COMMISSION — STATEMENT 4

Statement of Changes in Financial Position for the year ended October 31, 1983

	1983	1982
	$	$
Funds were provided by:		
Operations		
Excess of income over expenditure for the year	3,409,202	3,913,656
Charge against income not requiring an outlay of funds – depreciation	1,173,976	1,066,232
Profit on disposal of fixed assets	(9,651)	(37,931)
	4,573,527	4,941,957
Sale of fixed assets	41,622	50,300
	4,615,149	4,992,257
Funds were used for:		
Purchase of fixed assets and capital works in progress	2,620,195	3,776,909
Payments on long-term indebtedness		
Mortgage payable	2,000	2,000
Investment of funds for future capital program	713,728	1,800,000
	3,335,923	5,578,909
Increase (Decrease) in working capital	1,279,226	(586,652)
Working capital, beginning of year	6,932,894	7,519,546
Working capital, end of year	8,212,120	6,932,894

Gift Shops, Restaurants and Attractions — SCHEDULE 5

Schedule of Income and Expenditure for the year ended October 31, 1983

	1983	1982
	$	$
Income		
Souvenirs, china and post cards	8,868,500	8,604,266
Food and refreshments	6,351,475	6,104,873
Beer, liquor and wine	924,478	841,982
Confectionery and tobacco	351,120	326,501
Fares, admissions and rentals	4,778,953	4,607,088
Sundry	425,803	445,647
	21,700,329	20,930,357
Cost of Goods Sold		
Souvenirs, china and post cards	4,174,690	4,073,111
Food and refreshments	1,705,978	1,729,743
Beer, liquor and wine	285,221	254,963
Confectionery and tobacco	199,959	192,270
Sundry	166,386	209,566
	6,532,234	6,459,653
Gross Profit	15,168,095	14,470,704
Operating Expenditure		
Salaries and wages	4,198,554	3,983,800
Employee benefits	368,630	310,154
Fuel, power, water and laundry	425,428	411,055
General expenses	730,061	729,207
Maintenance of buildings, equipment and golf courses	1,037,356	1,062,779
Grants in lieu of municipal taxes	272,718	254,321
Warehouse expense	383,824	358,792
	7,416,571	7,110,108
Net income before depreciation	7,751,524	7,360,596
Depreciation of buildings and equipment	550,363	555,688
Net income exclusive of any portion of the administrative overhead of the Commission	7,201,161	6,804,908

See accompanying notes to financial statements.

THE NIAGARA PARKS COMMISSION — SCHEDULE 6

Schedule of Maintenance Expenses for the year ended October 31, 1983

	1983	1982
	$	$
Maintenance of Grounds and Facilities		
Niagara-on-the-Lake to Queenston	197,432	221,665
Queenston Heights Park	237,826	223,553
Queenston to Niagara Falls	730,496	506,285
Queen Victoria Park	1,803,273	1,363,606
Queen Victoria Park to Black Creek	159,352	238,415
Black Creek to Fort Erie	153,763	158,763
Town of Fort Erie	233,502	204,508
Stoney Creek Park	52,688	48,234
	3,568,332	2,965,029
Undistributed Maintenance Costs		
Horticulture Department		
School of Horticulture	461,116	404,095
Greenhouse	212,998	188,027
Tree department	61,814	55,839
Other expenses	453,539	393,171
Trucks and automobiles	16,127	48,629
Service yards	171,186	178,804
	1,376,780	1,268,565
Engineering Department		
Equipment	24,020	39,228
Other expenses	684,508	706,972
	708,528	746,200
Police Department		
Salaries	635,221	582,885
Automobiles, employee benefits, uniforms and miscellaneous	166,939	157,601
	802,160	740,486
	6,455,800	5,720,280

Schedule of Administrative and General Expenses for the year ended October 31, 1983 — SCHEDULE 7

	1983	1982
	$	$
Administrative Expenses		
Administrative and office salaries	885,879	796,475
Commissioners' expenses	6,203	7,806
Office expense	77,627	66,529
Telephone	25,791	32,629
Travel expense	6,794	7,556
Employee benefits	130,057	150,007
	1,132,351	1,061,003
General Expenses		
Insurance – net	61,751	56,132
Legal fees	11,694	19,879
Audit fees	24,475	23,425
Pension and injury awards	20,192	20,172
Grants in lieu of municipal taxes – net	18,075	19,338
General expense	53,462	41,532
Expropriation expense	5,531	231,141
Special grants	18,781	55,363
	213,961	466,982
	1,346,312	1,527,985

See accompanying notes to financial statements.

THE NIAGARA PARKS COMMISSION

Notes to Financial Statements for the year ended October 31, 1983

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Inventories

Inventories of saleable merchandise are valued at the lower of cost (first-in, first-out) and net realizable value.

(b) Fixed assets

All fixed assets are recorded at cost. Depreciation has been recorded on the straight-line method, using rates from 2 to 20 per cent for buildings, roadways and structures, from 10 to 50 per cent for equipment and furnishings and from 15 to 50 per cent for automobiles and trucks.

2. FIXED ASSETS

	1983		
	Cost	Accumulated Depreciation	Net Book Value
	$	$	$
Land	4,755,601	—	4,755,601
Buildings, roadways and structures	26,229,871	9,682,953	16,546,918
Equipment and furnishings	4,006,899	2,485,316	1,521,583
Automobiles and trucks	858,689	582,564	276,125
	35,851,060	12,750,833	23,100,227

	1982		
	Cost	Accumulated Depreciation	Net Book Value
	$	$	$
Land	4,755,601	—	4,755,601
Buildings, roadways and structures	24,058,095	8,938,812	15,119,283
Equipment and furnishings	3,753,529	2,291,827	1,461,702
Automobiles and trucks	787,589	541,936	245,653
	33,354,814	11,772,575	21,582,239

3. CAPITAL PROGRAM

The Commission has commenced initial work in connection with the development of a parking area and transit system to alleviate traffic problems in Queen Victoria Park. The total cost of this program is estimated to be $10,000,000. The major portion of the estimated cost will be expended by the end of 1985. As at October 31, 1983 $1,501,628 has been expended on the program (October 31, 1982 $1,416,784). The Commission has earmarked $7,213,728 which has been invested for the eventual use toward this capital program (October 31, 1982 $6,500,000). The funds are invested in Government of Canada Treasury Bills which are recorded at cost. Market value of the Treasury Bills approximates cost. The annual allocation, if any, is determined independently of the interest earned.

4. MORTGAGE PAYABLE

The mortgage payable bears interest at 5¾% and requires annual principal payments of $2,000 until March 1, 1996. The mortgage is secured by land with a carrying value of $70,000.

5. TRUST FUNDS

The Commission administers trust funds for the perpetual care of a cemetery plot at Drummond Hill Cemetery. As at October 31, 1983 these funds totalled $5,389 (October 31, 1982 $5,236). These funds are not included in the financial statements.

6. COMPARATIVE FIGURES

Certain comparative figures on statement 3 and schedules 5 and 7 have been reclassified to conform with the 1983 presentation.

THE NIAGARA PARKS COMMISSION

To The Niagara Parks Commission and to the Minister of Tourism and Recreation.

I have examined the balance sheet of The Niagara Parks Commission as at October 31, 1983 and the statements of income and expenditure, equity and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at October 31, 1983 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Commission and to the Minister.

D. F. Archer

Toronto, Ontario
January 24,1984

D. F. Archer C.A.
Provincial Auditor

NORTHERN ONTARIO DEVELOPMENT CORPORATION
(Incorporated without share capital under the Development Corporations Act)

Balance Sheet
as at March 31, 1984

Assets

	1984	1983
	$	$
Cash	1,537,768	3,132,009
Short term deposit	—	1,489,281
Investment, at cost (note 8)	59,000	—
Loans receivable		
Term, regular (note 7)	26,920,039	26,979,015
Term, incentive (note 7)	31,211,078	30,723,666
Performance, subject to forgiveness	6,816	229,323
Flood Relief Loan Program	214,273	251,682
Board of Industrial Leadership and Development (BILD)	713,012	292,679
Northern Ontario Rural Development Agreement (note 5)	2,611,819	1,121,469
St. Joseph's Heritage (note 4)	1,296,000	1,248,000
Net investment in lease (note 2)	360,897	370,057
Land and building held for sale (note 3)	131,528	131,528
	65,062,230	65,968,709

Liabilities and Retained Earnings

Deposits and trust accounts	14,517	—
Advances from the Province of Ontario		
Performance loans, subject to forgiveness	5,374	227,873
Other	54,771,697	58,151,232
	54,777,071	58,379,105
Due to Ontario Development Corporation		
BILD	680,145	234,400
St. Joseph's Heritage (note 4)	1,200,000	1,200,000
Deferred revenue		
Northern Ontario Rural Development Agreement (note 5)	2,855,500	1,550,000
Total liabilities	59,527,233	61,363,505
Retained earnings	5,534,997	4,605,204
	65,062,230	65,968,709

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Statement of Operations
for the year ended March 31, 1984

	1984 $	1983 $
Revenue		
Interest	4,095,841	3,921,380
Financing and rental income	50,094	36,344
	4,145,935	3,957,724
Expense		
Interest	5,976,663	6,258,939
Administration (Schedule)	836,913	720,014
Performance loan forgiveness	220,028	6,250
Term loans written off (note 1b)	594,694	1,974,190
Guaranteed loans paid (note 1b)	187,289	45,788
Guarantee interest subsidy	47,251	8,368
	7,862,838	9,013,549
Loss before recoveries from the Province of Ontario	3,716,903	5,055,825
Recoveries from the Province of Ontario		
Interest expense	2,760,521	3,239,429
Administration	836,913	720,014
Performance loan forgiveness	220,028	6,250
Term loans written off	594,694	1,974,190
Guaranteed loans paid	187,289	45,788
Guarantee interest subsidy	47,251	8,368
	4,646,696	5,994,039
Net income for the year	929,793	938,214

Statement of Retained Earnings
for the year ended March 31, 1984

Balance, beginning of year	4,605,204	3,666,990
Net income for the year	929,793	938,214
Balance, end of year	5,534,997	4,605,204

Administration Expenses
for the year ended March 31, 1984
(note 1c)

SCHEDULE

	1984 $	1983 $
Salaries and staff benefits	554,528	513,690
Transportation and communication	172,299	112,297
Services	61,880	91,257
Supplies and equipment	48,206	2,770
	836,913	720,014

See accompanying notes to financial statements.

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1984

1. Significant Accounting Policies

(a) Loans receivable

Loans are disbursed by the Corporation under section 12(1) of the Development Corporations Act.

Under section 19a of the Act, as amended, the Corporation is authorized to act as agent for the Province in respect of programs, projects or other matters undertaken for the advancement of industrial or economic development.

In accordance with the Act, the loan agreements have been drawn between the borrowers and Ontario Development Corporation. For financial statement purposes, the loans are shown as receivable from borrowers by the disbursing Corporation.

(b) Loans written off and guaranteed loans paid

Write-offs of loans ultimately deemed uncollectible and guaranteed loans paid are charged directly to expense in the statement of operations. These write-offs are reimbursable by the Treasurer of Ontario.

(c) Administration Expenses

These expenses are reflected on a modified cash basis as followed by the Province. These expenses do not include certain administrative expenses absorbed by Ontario Development Corporation.

Equipment purchases for general office use are charged to supplies and equipment in the year of acquisition.

2. Net Investment in Lease

The Corporation owns property which is leased to a client with an option to purchase. The Corporation's net investment in the lease is composed of total minimum lease payments less unearned finance income:

	1984	1983
	$	$
Total minimum lease payments receivable, including renewals, to March 1, 2000	634,446	667,602
Less: unearned finance income	(273,549)	(297,545)
	360,897	370,057

Lease payments under the terms of a renegotiated lease, re-commenced on June 1, 1983 after a 12 month moratorium.

Finance income related to the above direct financing lease is recognized in a manner that produces a constant rate of return of 8 per cent on the investment in the lease.

3. Land and Building Held for Sale

This acquisition arose as a result of the Corporation taking possession of the security for a loan on default by the borrower. The land and building are stated in the accounts at appraised value at the date of acquisition plus costs of improvements.

4. St. Joseph's Heritage

Funds were provided by the Ministry of Health and loaned to St. Joseph's Heritage, a medical and commercial centre, by the Corporation under the authority of the Development Corporations Act. The Ministry of Health has undertaken to indemnify the Corporation against all costs, losses or damages which it may suffer or become liable for in respect of the loan. Interest accrues on principal of $400,000 until April 1992. Subsequent to that date, the full advance is due and payable on demand and interest accrues on the entire outstanding balance from that time.

5. Northern Ontario Rural Development Agreement

The Northern Ontario Rural Development Agreement is an incentive program designed to aid small businesses by providing interest free forgivable loans to new and existing small businesses in Northern Ontario. It is jointly funded by the Governments of Canada and Ontario under the Northern Rural Development Subsidy Agreement.

Funds received for loan disbursements under the Agreement have been treated as transfer payments in the accounts of the Province. Although transfer payments are normally recorded as revenue, the Corporation has recorded the amount received from the Province as a liability which will be written down as loans are forgiven. This is consistent with the treatment accorded the other forgivable loans and avoids distorting the results of operations through timing differences between the recognition of the revenue and the subsequent expense on forgiveness of loans.

This program terminated on March 31, 1984 and no further applications are being accepted. Payments on approved loans will be made to March 31, 1986.

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements – Concluded
March 31, 1984

6. WHOLLY OWNED SUBSIDIARIES, NOT CONSOLIDATED

The Corporation owns, on behalf of the Province of Ontario, all the issued shares of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The Corporation's investment in these wholly-owned subsidiaries was written off in 1975-76.

The Corporation has not consolidated these subsidiaries as they are deemed to be only temporary investments and their activities are not compatible with those of the Corporation.

The combined reported loss of these subsidiaries for the year ended March 31, 1983 was $908,192 of which $811,201 related to interest expense. The combined deficit of these two subsidiaries as at March 31, 1983 was $7,460,309 and the combined contributed surplus was $681,858. The financial information for the year ended March 31, 1984 is not yet available.

On March 10, 1983, non interest bearing debentures in the amount of $25,000,000 payable on demand were issued by Minaki Lodge Resort Ltd. and Minaki Development Company Limited in favour of Ontario Development Corporation. These debentures were issued as security for amounts disbursed by the former Ministry of Industry and Tourism, the Ministry of Tourism and Recreation and the Corporation to these wholly-owned subsidiary companies. The Corporation has not recorded these debentures in the accounts.

7. ALLOWANCE FOR DOUBTFUL LOANS

Term loans do not reflect an allowance for doubtful loans as the Treasurer of Ontario reimburses the Corporation for all uncollectible loans written off. Had an allowance for doubtful loans been set up, the Corporation estimates that $5,574,000 (1983 – $5,600,000) would have been recorded.

8. INVESTMENT

The Corporation accepted non-voting, non-cumulative, redeemable, 8 per cent preferred shares of a company in lieu of interest in arrears on loan indebtedness.

9. CONTINGENT LIABILITIES

(a) As at March 31, 1984 contingent liabilities in the form of guaranteed bank loans or other guarantees amounted to $6,841,000 (1983 – $5,607,000).

(b) A legal action claiming aggregate damages of $4,500,000 plus interest has been instituted against the Corporation and others by a former shareholder of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The Corporation is of the opinion that the claim is without merit.

10. COMMITMENTS

Loans authorized but not disbursed as at March 31, 1984 amounted to $10,269,000 (1983 – $12,500,000). The amount of guarantees approved in respect of which bank loans had yet to be advanced was $2,649,000 (1983 – $1,962,000).

11. TRANSFER OF WHOLLY-OWNED SUBSIDIARY

On March 31, 1984 all of the outstanding shares of Thunder Bay Ski Jumps Limited were transferred to the Ministry of Tourism and Recreation for no consideration. All loans to the subsidiary had been previously written off.

The reported loss of this former subsidiary for the year ended March 31, 1984 amounted to $113,087 (1983 – $100,877) and the reported deficit was $1,363,753 (1983 – $1,250,666).

NORTHERN ONTARIO DEVELOPMENT CORPORATION

To the Northern Ontario Development Corporation and
to the Minister of Industry and Trade.

I have examined the balance sheet of Northern Ontario Development Corporation as at March 31, 1984 and the statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations for the year then ended in accordance with the basis of accounting as described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

In accordance with section 24 of the Development Corporations Act, a report on the audit has been made to the Corporation and to the Minister.

D. F. Archer

Toronto, Ontario,
August 7, 1984.

D. F. Archer, F.C.A.,
Provincial Auditor.

ONTARIO CENTRE FOR ADVANCED MANUFACTURING

Financial Position
March 31, 1984

ASSETS	1984	1983
Cash and term deposits	$2,611,830	$1,128,648
Accounts receivable	232,057	17,811
Work in process	31,300	
Prepaid expenses	72,930	6,309
Current assets	2,948,117	1,152,768
Fixed assets (Note 3)	5,121,673	445,341
	$8,069,790	$1,598,109
LIABILITIES		
Accounts payable and accrued liabilites	2,773,426	331,782
Deferred revenue	55,000	
	2,828,426	331,782
EQUITY		
Equity	5,241,364	1,266,327
	$8,069,790	$1,598,109

The explanatory financial notes form an integral part of these financial statements.

Approved on behalf of the Board

Director

Director

AUDITORS' REPORT

To the Board of Directors of the Ontario Centre for
Advanced Manufacturing and the Minister of Industry and Trade

We have examined the financial position of the Ontario Centre for Advanced Manufacturing as at March 31, 1984 and the Statements of Operations, Equity, and Changes in Financial Position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Ontario Centre for Advanced Manufacturing as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Kelly Graham Myska & Partners

Cambridge, Ontario
May 24, 1984

Kelly Graham Myska & Partners
Chartered Accountants

ONTARIO CENTRE FOR ADVANCED MANUFACTURING

Statement of Operations
Year ended March 31, 1984

	1984	1983
Revenue	$ 607,074	$ 9,621
Expenditure		
Salaries and benefits	1,766,979	25,483
Recruiting and relocation	323,131	62,301
Professional and consulting fees	324,961	201,895
Occupancy and office	494,920	88,960
Technology advancement and travel	381,489	7,685
Marketing and communications	584,207	246,833
Workshops, seminars and exhibitions	322,450	232,956
Equipment rental and time sharing	85,652	518
Maintenance	125,941	3,342
Pre-incorporation expenditure		218,313
Other	67,394	10,773
	4,477,124	1,099,059
Excess of expenditure over revenue before undernoted items	3,870,050	1,089,438
Contribution from the Province of Ontario for operating purposes (note 1d)	3,999,100	1,078,313
	(129,050)	11,125
Depreciation expense	421,613	72,548
Excess of expenditure over revenue for year	$292,563	$ 83,673

Statement of Equity
Year ended March 31, 1984

Balance at beginning of year	$1,266,327	Nil
Contribution from the Province of Ontario for capital purposes (note 1d)	4,267,600	1,350,000
	5,533,927	1,350,000
Excess of expenditure over revenue for year	292,563	83,673
Balance at end of year	$5,241,364	$1,266,327

The explanatory financial notes form an integral part of these financial statements.

ONTARIO CENTRE FOR ADVANCED MANUFACTURING

Statement of Changes in Financial Position
Year ended March 31, 1984

	1984	1983
Financial resources were provided by		
Operations		
Excess of expenditure over revenue for year	$ 292,563	$
Deduct depreciation and amortization not involving an outlay of current funds	421,613	
	129,050	
Contribution from the Province of Ontario (note 1d)	4,267,600	1,350,000
Proceeds from sale of fixed assets	10,967	
	4,407,617	1,350,000
Financial resources were used for		
Operations		
Excess of expenditure over revenue for year		83,673
Deduct depreciation and amortization not involving an outlay of current funds		72,548
		11,125
Additions to fixed assets	5,108,912	517,889
	5,108,912	529,014
Increase (decrease) in working capital	(701,295)	820,986
Working capital at beginning of year	820,986	Nil
Working capital at end of year	$ 119,691	$ 820,986
Represented by:		
Current assets	2,948,117	1,152,768
Current liabilities	2,828,426	331,782
	$ 119,691	$ 820,986

The explanatory financial notes form an integral part of these financial statements.

Explanatory Financial Notes
Year ended March 31, 1984

1. Significant Accounting Policies

This summary of the major accounting policies of the Corporation is presented in order to assist the reader in evaluating the financial statements contained herein. These policies have been followed in all material respects for the periods covered:

(a) Term Deposits

The term bank deposits are recorded at cost which is equal to fair market value.

Investment income is recorded on the accrual basis whereby income earned but not received at March 31 is recorded in these financial statements.

(b) Investment in Fixed Assets

The acquisition costs of major additions and improvements are capitalized and expenditures for maintenance and repairs which do not improve or extend the useful life of the respective assets are charged to income.

At the time of disposal or retirement of fixed assets, the cost of the asset and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in the Statement of Operations.

Depreciation and amortization are calculated on a basis designed to amortize the cost of the assets over their estimated economic lives. Rates in use for the classes of such assets are as follows:

Technical equipment	5 year straight-line
Office equipment	5 year straight-line
Furniture and fixtures	5 year straight-line
Leasehold improvements	Term of leases

(c) Recognition of Income

Income and expenditures are recognized and recorded in these financial statements utilizing the accrual method whereby income is recorded when earned and expenditures are recorded when incurred. Revenue received which is unearned is shown as deferred revenue.

ONTARIO CENTRE FOR ADVANCED MANUFACTURING

Explanatory Financial Notes—Concluded

(d) Contributions from the Province of Ontario
Under the Province of Ontario's BILD program, the Centre receives funds quarterly in advance for operating and capital purposes. The operating funds relate to current operating expenditures and accordingly are presented in the Statement of Operations. The capital funds relate to the acquisition of high technology equipment and other capital items and are presented in the Statement of Equity.

(e) Work in Process
Inventory of work in process represents consultants' time on client projects at estimated net realizable value.

(f) Pension Plan
Employees become members of the Corporation pension plan after completing one year of continuous service at which time employer contributions are made retroactive to date of commencement of employment.

The Centre accrues pension costs for employees from the date of their employment regardless of whether or not they have vested with the employee at the year end.

2. Basis of Operations

Effective November 17, 1982, the Ontario Centre for Advanced Manufacturing was established as a Schedule II Crown Agency without share capital by an Act of the Ontario Legislature.

The objective of the Corporation is to promote and enhance the application of the CAD/CAM and robotics technology and to promote the growth of supportive industries in order to improve the productivity and competitiveness of Ontario industry and commerce. In order to accomplish these objectives the Corporation has established two operating subcentres—the Robotics Centre in Peterborough and the CAD/CAM Centre in Cambridge.

The Centres were opened in February, 1983 and commenced operations thereafter. Accordingly, no operating revenue was earned in fiscal 1983.

3. Fixed Assets

	Cost	Accumulated Depreciation	1984 Net	1983 Net
Technical equipment	$3,689,097	$173,357	$3,515,740	$ 4,050
Office equipment	433,729	40,904	392,825	25,061
Furniture and fixtures	487,934	60,694	427,240	70,876
Leasehold improvements	999,797	213,929	785,868	330,328
Vehicle				15,026
	$5,610,557	$488,884	$5,121,673	$445,341

4. Commitments

(a) Pursuant to an offer to lease made on December 12, 1983 and accepted thereafter the Corporation entered into an amended three-year, net-net lease arrangement for the operating facilities of the CAD/CAM centre located in Cambridge, Ontario. Commencing March 1, 1984 the lease requires annual rent of $31,000 until November 30, 1984 and $34,100 per annum until the termination of said lease. In addition to this rent the centre will pay rental costs, not to exceed $2,610 per month, contingent on costs to construct an addition to the premises.

(b) Under date of December 1, 1982, the Corporation entered into a four-year, net-net lease arrangement for the operating facilities of the Robotic Centre located in Peterborough, Ontario. The rent requirement under this agreement is $1 per annum in the first two years and $53,000 per annum for the last two years ending November 30, 1986.

(c) Under date of September 27, 1983, the Corporation entered into a net-net lease agreement for central marketing premises for the period November 1, 1983 to October 31, 1986. The annual rent requirement under this agreement is $30,415 in addition to its proportionate share of the costs of operation.

The Corporation has options to renew the above-noted facility leases at negotiated rates.

5. Comparative Figures

Certain figures for 1983, which are for the period outlined in note 2 to these financial statements, have been reclassified in order to present them in a form comparable to those for 1984.

STATEMENT 1

ONTARIO CENTRE FOR AUTOMOTIVE PARTS TECHNOLOGY

Balance Sheet as at March 31, 1984

ASSETS	1984 $	1983 $
Current		
Cash and term deposits	450,918	140,549
Accounts receivable	257,597	–
Prepaid expenses	6,701	9,648
	715,216	150,197
Fixed – Notes 1 and 3		
Cost	344,929	265,497
Less – Accumulated amortization and depreciation	71,635	15,487
	273,294	250,010
	988,510	400,207
LIABILITIES		
Current		
Bank overdraft	9,634	–
Accounts payable and accrued liabilities	216,909	4,669
Deferred revenue	105,740	–
	332,283	4,669
EQUITY		
Surplus – Statement 3	382,933	145,528
Reserve for capital assets – Statement 2	273,294	250,010
	988,510	400,207

See accompanying notes to financial statements.

AUDITORS' REPORT

To The Ontario Centre for Automotive Parts Technology
and the Ministry of Industry and Trade of the Province of Ontario

We have examined the balance sheet of the Ontario Centre for Automotive Parts Technology as at March 31, 1984 and the statements of revenue, expenditures, and surplus, reserve for capital assets and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Centre as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

St. Catharines, Ontario
May 7, 1984

Touche Ross & Co.
Chartered Accountants

ONTARIO CENTRE FOR AUTOMOTIVE PARTS TECHNOLOGY — STATEMENT 2

Statement of Reserve for Capital Assets for the year ended March 31, 1984

	1984	1983
	$	$
Balance, beginning of year	250,010	—
Contributions from Province of Ontario—Note 1	79,432	265,497
	329,442	265,497
Transfer to Operations	56,148	15,487
Balance, end of year	273,294	250,010

Statement of Revenue, Expenditures and Surplus — STATEMENT 3

for the year ended March 31, 1984

	1984	1983
	$	$
Program expenses	1,619,071	29,230
Revenue		
Recovery of program expenses	432,093	4,440
Net program expenses	1,186,978	24,790
Administration	556,896	107,968
Non recurring expenses—Note 4	140,437	486,704
Total net operating expenses	1,884,311	619,462
Operation Contribution from Province of Ontario—Note 2	2,121,716	764,990
Excess of Operation Contribution over Expenditures	237,405	145,528
Surplus, beginning of year	145,528	—
Surplus, end of year	382,933	145,528

See accompanying notes to financial statements.

STATEMENT 4

ONTARIO CENTRE FOR AUTOMOTIVE PARTS TECHNOLOGY

Statement of Changes in Financial Position for the year ended March 31, 1984

	1984 $	1983 $
Financial resources were provided by:		
Operations		
Excess of operation contribution over expenditures	237,405	145,528
Add (Deduct) Items not affecting working capital		
Depreciation and amortization	56,148	15,487
Transfer from reserve for capital assets	(56,148)	(15,487)
	237,405	145,528
Contributions from Province of Ontario for capital assets	79,432	265,497
	316,837	411,025
Financial Resources were used for:		
Purchase of fixed assets	79,432	265,497
Increase in Working Capital	237,405	145,528
Working Capital at beginning of year	145,528	—
Working Capital at end of year	382,933	145,528

See accompanying notes to financial statements.

Notes to Financial Statements for the year ended march 31, 1984

STATEMENT 5

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following summary of significant accounting policies of the organization is presented in order to assist the reader in understanding the financial statements.

i) Amortization and Depreciation of Fixed Assets

Leasehold Improvements

The cost of the leasehold improvements is being amortized on a straight line basis over 5 years.

Depreciation

It is the policy of the organization to provide depreciation on the straight line basis on the fixed assets at the rate of 20% per annum.

ii) Contribution from the Province of Ontario

The contributions from the Province of Ontario were made without reference to source or type of expenditure. The capital expenditures amount is deducted from the total provincial contribution and the balance is designated for operations.

Contributions for capital assets are credited to reserve for capital assets and recognized as income as the depreciation and amortization of the related assets are charged to operations.

2. CONTRIBUTION FROM PROVINCE OF ONTARIO

	1984	1983
Total contribution	$2,145,000	$1,015,000
Less		
Amount assigned to capital assets	79,432	265,497
	2,065,568	749,503
Transfer from reserve for capital asset	56,148	15,487
Operation contribution	$2,121,716	$ 764,990

ONTARIO CENTRE FOR AUTOMOTIVE PARTS TECHNOLOGY

Notes to Financial Statements—Concluded
For the year ended March 31, 1984

3. FIXED ASSETS

	Cost	Accumulated Depreciation and Amortization	Net Book Value	Depreciation Rates
Furniture and equipment	$177,985	$32,658	$145,327	20%
Leasehold improvements	166,944	38,977	127,967	5 years
	$344,929	$71,635	$273,294	

4. NON RECURRING EXPENSES

	1984	1983
Consulting fees—5 year plan	$ —	$259,943
Consulting fees—start-up	104,288	165,000
Initial recruitment costs	36,149	48,493
Opening expenses	—	13,269
	$140,437	$486,705

5. OPERATING LEASE COMMITMENTS

i) The Centre is committed to a lease obligation for a period of 3 years, commencing in 1982 for an annual rental amount of $107,360.

ii) The Centre is committed to lease agreements for office equipment and a vehicle at an annual rate of $14,190 for a period of 3 years.

6. COMPARATIVE FIGURES

The comparative figures for 1983 as presented in the Statement of Revenue, Expenditures and Surplus, represent a period of less than 12 months. The official opening date of the Centre was December 13, 1982 but included in these figures were revenues and expenses incurred by the Ministry of Industry and Trade of the Province of Ontario prior to the official opening date.

ONTARIO CENTRE FOR FARM MACHINERY AND FOOD PROCESSING TECHNOLOGY

Balance Sheet
As at March 31, 1984

ASSETS

Current			
Cash			$ 555,248
Accounts receivable			27,831
Work in progress			17,278
Prepaid expenses			6,357
Total current assets			606,714
Fixed:	Cost	Accumulated Depreciation	
Land	$ 50,000	$	$ 50,000
Buildings	526,813	18,009	508,804
Furniture & fixtures	115,620	6,221	109,399
Equipment	31,531	4,640	26,891
	$723,964	$28,870	695,094
			$1,301,808

LIABILITIES

Current:	
Accounts payable	$ 161,387
Accrued liabilities	14,000
Total current liabilities	175,387

EQUITY

Reserve for Capital Assets (Statement 2)	695,094
Surplus (Statement 3)	431,327
Total Equity	1,126,421
	$1,301,808

Approved on behalf of the Board of Directors:

The accompanying notes form an integral part of this statement.

ONTARIO CENTRE FOR FARM MACHINERY AND FOOD PROCESSING TECHNOLOGY

Statement of Reserve for Capital Assets
For the Year Ended March 31, 1984

Balance, beginning of year	$316,400
Contributions from the Province of Ontario (Note 1)	404,543
	720,943
Transfer to operations (Note 2)	25,849
Balance, end of year	$695,094

Statement of Excess of Revenue Over Expenditures and Surplus
For the Year Ended March 31, 1984

Program expenses (Schedule 1)	$219,314
Recovery of program expenses—program revenue	53,353
—interest income	16,654
	70,007
Net program expenses	149,307
Administration expenses (Schedule 2)	409,597
Non-recurring expenses (Note 3)	149,138
Total net operating expenses	708,042
Operations contribution from Provnce of Ontario (Note 2)	1,071,456
Excess of revenue over expenditures for the year	363,414
Surplus, beginning of year	67,913
Surplus, end of year	$431,327

The accompanying notes form an integral part of this statement.

ONTARIO CENTRE FOR FARM MACHINERY AND FOOD PROCESSING TECHNOLOGY

Statement of Changes in Financial Position
For the Year Ended March 31, 1984

Working capital provided by:	
Operations	
Excess of revenue over expenditures for the year	$363,414
Eliminate items not requiring an outlay of funds	
Add: Depreciation	25,849
Less: Transfer from reserve for capital assets	(25,849)
	363,414
Contributions from Province of Ontario for capital assets	404,543
	767,957
Working capital used for:	
Purchase of fixed assets	404,543
Increase in working capital	363,414
Working capital, beginning of year	67,913
Working capital, end of year	$431,327
Current assets	$606,714
Current liabilities	175,387
	$431,327

The accompanying notes form an integral part of this statement.

Schedule of Administration Expenses
For the Year Ended March 31, 1984

Advertising and promotion	$ 43,607
Depreciation	25,849
Directors' meetings	31,267
Insurance	3,277
Maintenance and repairs	9,060
Office supplies	22,968
Professional fees	4,604
Postage	4,743
Rent and lease	3,909
Salaries and benefits	168,130
Telephone	19,600
Tools	7,929
Training	1,203
Travel	52,202
Utilities	11,249
	$409,597

Schedule of Program Expenses
For the Year Ended March 31, 1984

	Farm Machinery	Food Processing	Information Services	Total
Materials & subcontracts	$ 2,268	$ 851	$	$ 3,119
Salaries:				
Secondment			19,673	19,673
Salaries & benefits	103,348	46,531	26,535	176,414
Supplies, books & subscriptions			16,132	16,132
Telephone			2,064	2,064
Travel	1,912			1,912
	$107,528	$47,382	$64,404	$219,314

ONTARIO CENTRE FOR FARM MACHINERY AND FOOD PROCESSING TECHNOLOGY

Notes to Financial Statements
For the Year Ended March 31, 1984

1. Significant Accounting Policies

(a) Fixed Assets are recorded at cost and depreciated over their estimated useful lives on the straight-line basis at the following annual rates:

Buildings	5%
Furniture and fixtures	20%
Equipment	20%

(b) Contributions from the Province of Ontario:
Contributions allocated to capital expenditures are deducted from total provincial contributions and the balance is designated for operations.

Contributions for operations are recognized as revenue in the period in which they are committed by the province.

Contributions for capital assets are credited to reserve for capital assets and recognized as income as depreciation of the related assets is charged to operations.

(c) Work in progress is valued at the lower of cost or net realizable value.

(d) Revenue is recognized when contracts are invoiced.

2. Contributions from the Province of Ontario

Total contributions	$1,450,150
Less: Amount assigned to capital assets	404,543
	1,045,607
Add: Transfer from reserve for capital assets	25,849
Operations contribution for the year	$1,071,456

3. Non Recurring Expenses:

Business plan and pre-opening costs	$ 18,084
Employee recruiting and relocation	127,689
Employee benefit plans	3,365
	$ 149,138

4. Comparative Figures

Comparative figures have not been presented in these financial statements since this is the Centre's first full year of operations.

5. Commitments

At the balance sheet date, the Centre was committed to the acquisition of capital items in the amount of $105,000. These capital commitments are to be funded from cash funds shown on the balance sheet.

ONTARIO CENTRE FOR FARM MACHINERY AND FOOD PROCESSING TECHNOLOGY

AUDITORS' REPORT

To The Ontario Centre for Farm Machinery and Food Processing Technology
and the Ministry of Industry and Trade of the Province of Ontario.

We have examined the balance sheet of the Ontario Centre for Farm Machinery and Food Processing Technology as at March 31, 1984 and the statements of excess of revenue over expenditures and surplus, reserve for capital assets and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Centre as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Chrysler Shillington & Co.

Chatham, Ontario
May 9, 1984

Chrysler Shillington & Co.
Chartered Accountants.

ONTARIO CENTRE FOR MICROELECTRONICS

Balance Sheet
March 31, 1984

ASSETS

	1984 $	1983 $
Current Assets		
Cash	208,027	100
Accounts receivable		
Trade and other	154,693	35,933
Province of Ontario	—	1,233,000
Prepaid expenses	16,715	89,684
	379,435	1,358,717
Fixed assets (Note 3)	1,684,265	1,303,813
License (Note 4)	32,017	68,672
	2,095,717	2,731,202

LIABILITIES

Current Liabilities		
Accounts payable and accrued charges	126,574	1,314,234

EQUITY

Surplus	252,861	44,483
Reserve for capital assets	1,716,282	1,372,485
	2,095,717	2,731,202

Chairman

Director

To Ontario Centre for Microelectronics and
Minister of Industry and Trade of the Province of Ontario:

We have examined the balance sheet of the Ontario Centre for Microelectronics as at March 31, 1984 and the statements of revenue and expenditures and surplus, reserve for capital assets and of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Centre as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells

Auditors

May 10, 1984

ONTARIO CENTRE FOR MICROELECTRONICS

Statement of Revenue and Expenditures and Surplus
Year ended March 31, 1984

	1984 $	1983 $
Program Expenses – Schedule 1		
Technical	1,268,505	409,880
Communications	1,095,951	469,599
	2,364,456	879,479
Recovery of program expenses	318,524	54,172
Net program expenses	2,045,932	825,307
Administration – Schedule 2	696,893	326,026
Non recurring expenses	–	324,639
Total net operating expenses	2,742,825	1,475,972
Operations contribution from Province of Ontario (Note 2)	2,951,203	1,520,455
Excess of revenue over expenditures	208,378	44,483
Surplus, beginning of year	44,483	–
Surplus, end of year	252,861	44,483

Statement of Reserve for Capital Assets
Year ended March 31, 1984

	1984 $	1983 $
Contributions from Province of Ontario (Note 1)		
Allocated to capital expenditures	775,731	1,511,499
Less disposals	(41,342)	–
	734,389	1,511,499
Transfer to operations (Note 2)	390,592	139,014
	343,797	1,372,485
Balance, beginning of year	1,372,485	–
Balance, end of year	1,716,282	1,372,485

ONTARIO CENTRE FOR MICROELECTRONICS

Statement of Changes in Financial Position
Year ended March 31, 1984

	1984 $	1983 $
Sources of Working Capital		
Operations		
Excess of revenue over expenditures	208,378	44,483
Items not affecting working capital		
Depreciation and amortization	390,592	139,014
Transfer from reserve for capital assets	(390,592)	(139,014)
	208,378	44,483
Proceeds from disposal of assets	41,342	—
Contributions from Province of Ontario for capital assets	734,389	1,511,499
	984,109	1,555,982
Uses of Working Capital		
Purchase of fixed assets	775,731	1,438,190
Acquisition of license	—	73,309
	775,731	1,511,499
Increase in working capital	208,378	44,483
Working capital, beginning of year	44,483	—
Working capital, end of year	252,861	44,483

Notes to the Financial Statements
March 31, 1984

1. Significant Accounting Policies

The financial statements have been prepared in accordance with generally accepted accounting principles and reflect the following policies:

Fixed Assets

Fixed assets are stated at cost. Equipment and furniture are depreciated by the straight-line method at rates calculated to amortize the cost of the assets, less salvage value, over their estimated useful lives. Leasehold improvements are amortized by the straight-line method over the terms of the respective leases.

Licenses

Licenses are stated at cost and are depreciated by the straight-line method over two years being the estimated life of the license.

Contributions from the Province of Ontario

The contributions are made without reference to source or type of expenditure. The breakdown shown in the financial statements is based on the capital asset expenditures by the Centre and the balance is designated for operations.

Contributions for capital assets are credited to reserve for capital assets and recognized as income as the depreciation of the related assets are charged against operations.

Contributions for operations are recognized as revenue in the period in which they are committed by the Province.

Revenue Recognition

Contract revenue is recognized on the percentage of completion basis.

2. Contributions from Province of Ontario

	1984	1983
Total contributions	$3,295,000	$2,892,940
Less amount assigned to capital assets (net of disposals 1984 – $41,342; 1983 – Nil)	734,389	1,511,499
	2,560,611	1,381,441
Transfer from reserve for capital assets	390,592	139,014
Operations contributions	$2,951,203	$1,520,455

ONTARIO CENTRE FOR MICROELECTRONICS

Notes to the Financial Statements — Continued
March 31, 1984

3. FIXED ASSETS

	1984			1983	
	Cost	Accumulated Depreciation and Amortization	Net Book Value	Net Book Value	Depreciation Rates
Technical equipment	$1,550,361	$340,332	$1,210,029	$ 888,837	20%
Office equipment	175,058	32,953	142,105	106,632	20%
Office furniture	258,283	65,841	192,442	164,024	20%
Leasehold improvements	188,878	49,189	139,689	144,320	4 Years
	$2,172,580	$488,315	$1,684,265	$1,303,813	

Depreciation and amortization for the year totalled $353,937 (1983 — $134,337)

4. LICENSE

	1984	1983
Cost	$73,309	$73,309
Accumulated amortization	41,292	4,637
	$32,017	$68,672

Amortization for the year totalled $36,655 (1983 — $4,637)

Schedule of Program Costs
Year ended March 31, 1984

SCHEDULE 1

	Technical	Communications	1984 Total	1983 Total
Advertising	$ —	$ 76,484	$ 76,484	$ 25,357
Computer rentals and maintenance	111,452	—	111,452	26,910
Depreciation and amortization	303,979	51,081	355,060	125,541
Material	65,025	164,281	229,306	129,769
Salaries				
Secondment	181,264	117,803	299,067	247,192
Staff and benefits	364,468	279,363	643,831	115,664
Seminar expenses	—	165,480	165,480	6,397
Technical and professional services	69,378	105,869	175,247	72,478
Telephone and rent	148,925	40,389	189,314	110,486
Travel and accommodation	24,014	95,201	119,215	19,685
	$1,268,505	$1,095,951	$2,364,456	$879,479

Schedule of Administration Costs
Year ended March 31, 1984

SCHEDULE 2

	1984	1983
Depreciation and amortization	$ 35,532	$ 13,473
Directors' meetings	33,652	15,853
Equipment rentals	27,221	25,111
Postage and stationery	52,920	29,764
Recruiting and relocation	41,953	11,652
Salaries		
Secondment	—	52,938
Staff and benefits	362,333	105,997
Supplies and services	63,495	13,351
Telephone and rent	40,389	46,101
Travel and accommodation	39,398	11,786
	$696,893	$326,026

ONTARIO CENTRE FOR RESOURCE MACHINERY TECHNOLOGY

(Incorporated under the Technology Centres Act)
(Note 1)

Balance Sheet
as at March 31, 1984

ASSETS

	1984	1983
	$	$
Cash	6,449	22,037
Short-term deposits	629,226	100,000
Receivable from Province of Ontario	277,240	540,703
Other	10,984	2,586
Investments	1,041,358	
Fixed Assets (note 4)	188,003	148,437
	2,153,260	813,763

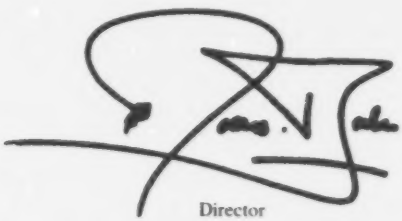
LIABILITIES AND EQUITY

Accounts payable and accrued liabilities	54,257	65,326
Equity		
Investment	1,911,000	600,000
Fixed assets	188,003	148,437
	2,099,003	748,437
	2,153,260	813,763

Commitments (note 5)

Approved by the Board

Director



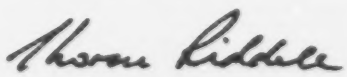
Director

AUDITOR'S REPORT

To The Honourable Minister of Industry and Trade of the Province of Ontario
and the Board of Directors of Ontario Centre for Resource Machinery Technology

We have examined the balance sheet of Ontario Centre for Resource Machinery Technology as at March 31, 1984 and the statements of revenue and expenditure, investment equity and equity in fixed assets for the year ended March 31, 1984. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Centre as at March 31, 1984 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.



Sudbury, Ontario
May 8, 1984

Thorne Riddell
Chartered Accountants

ONTARIO CENTRE FOR RESOURCE MACHINERY TECHNOLOGY

Statement of Revenue and Expenditure

	Year ended March 31, 1984 $	Period from November 17, 1982 to March 31, 1983 $
Revenue		
Interest on term deposits	54,394	1,300
Investment income	14,155	
Sundry	4,250	
	72,799	1,300
Expenditure		
Administration	864,617	248,595
Depreciation	62,194	11,930
	926,811	260,525
	854,012	259,225
Contribution from Province of Ontario of $926,811 (1983, $260,525) less revenue earned (note 3)	854,012	259,225
Excess of revenue over expenditure	Nil	Nil

STATEMENT OF INVESTMENT EQUITY

	Year ended March 31, 1984 $	Period from November 17, 1982 to March 31, 1983 $
Balance at beginning of period	600,000	
Contribution from Province of Ontario (note 3)	1,311,000	600,000
Balance at end of period	1,911,000	600,000

STATEMENT OF EQUITY IN FIXED ASSETS

	Year ended March 31, 1984 $	Period from November 17, 1982 to March 31, 1983 $
Balance at beginning of period	148,437	
Contribution from Province of Ontario (note 3)	101,760	160,367
Transfer to operations (note 3)	(62,194)	(11,930)
Balance at end of period	188,003	148,437

ONTARIO CENTRE FOR RESOURCE MACHINERY TECHNOLOGY

Notes to Financial Statements
Year Ended March 31, 1984

1. CHANGE IN NAME

Effective October 27, 1983 the name of the Centre was changed from Ontario Centre for Resource Machinery to Ontario Centre for Resource Machinery Technology by filing of a regulation under the Technology Centres Act, 1982.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Fixed Assets

Fixed assets are recorded at cost. Depreciation is provided on a straight-line basis at the following rates:

Leasehold improvements	50%
Office equipment	20%
Office furniture	20%

(b) Contributions from Province of Ontario

Contributions for operations are recognized as revenue in the period in which they are committed by the Province.

Contributions for capital assets are credited to equity in fixed assets. The equity is reduced by the depreciation for the period and is transferred to operations.

Contributions for the investment program are credited to the equity in investment fund.

(c) Investments

Investments are valued at the lower of cost or net realizable value. At March 31, 1984, investments are recorded at cost because of their current acquisition. Income and expenses from investments are recorded on the accrual basis in the Statement of Revenue and Expenditure. Any gains or losses on disposal of investments and allowances for decline in the value of investments are recorded in the Statement of Investment Equity in the period in which they occur.

3. CONTRIBUTIONS FROM PROVINCE OF ONTARIO

	Year ended March 31, 1984	Period from November 17, 1982 to March 31, 1983
	$	$
Total contributions	2,277,377	1,008,962
Deduct contributions assigned to		
Investment fund	1,311,000	600,000
Fixed assets	101,760	160,367
	1,412,760	760,367
	864,617	248,595
Transfer from equity in fixed assets	62,194	11,930
	926,811	260,525
Deduct revenue earned	72,799	1,300
Operations contribution	854,012	259,225

4. FIXED ASSETS

	1984			1983
	Cost	Accumulated depreciation	Net book value	Net book value
Leasehold improvements	$ 61,263	$40,325	$ 20,938	$ 52,139
Office equipment	70,611	8,735	61,876	13,793
Office furniture	130,252	25,063	105,189	82,505
	$262,126	$74,123	$188,003	$148,437

ONTARIO CENTRE FOR RESOURCE MACHINERY TECHNOLOGY

Notes to Financial Statements – Concluded
Year Ended March 31, 1984

5. COMMITMENTS

The Centre has conditionally committed $870,000 of the investment equity. This commitment is subject to the satisfactory completion of business negotiations and legal matters.

The Centre has a lease commitment on the rental premises which expires on December 15, 1984, the annual cost of which is $57,629.

6. COMPARATIVE FIGURES

Certain 1983 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1984.

ONTARIO DEVELOPMENT

(Incorporated under the

Assets	Balance as at March 1984	1983
	$	$
Cash	18,254,320	13,134,308
Short term deposits	13,166,078	20,700,187
Accounts receivable, net of allowance for doubtful accounts of $3,622 (1983—$114,107	222,974	300,897
Due from Northern Ontario Development Corporation		
St. Joseph's Heritage	1,200,000	1,200,000
Board of Industrial Leadership and Development (BILD)	680,145	234,400
Due from Eastern Ontario Development Corporation		
Ontario Industrial Parks Program	3,390,419	2,915,291
BILD	3,593,675	2,915,000
Ontario Land Corporation	406,276	451,418
Loans receivable		
Term, regular (note 4)	60,536,075	54,833,145
Term, incentive (note 4)	41,344,274	41,846,612
Performance, subject to forgiveness	104,163	538,437
Employment Development Fund	16,126,417	18,701,892
BILD	28,198,420	17,797,037
Ontario Industrial Parks Program	1,644,435	1,493,988
Flood Relief Loan Program	242,885	252,489
Rural Ontario Development Program	872,284	486,400
Ontario Program of Financial Assistance for Canadian Book Publishers	350,011	—
Long term investment (note 2a)	2,060,200	440,200
Fixed assets, less accumulated depreciation (notes 3 and 5)	4,242,489	4,488,327
Serviced land at Sheridan Park, at cost (note 1c)	219,115	217,510
	196,854,655	182,947,538

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

CORPORATION

Development Corporations Act)

Sheet
31, 1984

Liabilities	1984	1983
	$	$
Accounts payable and accrued charges	19,061	127,735
Deposits and trust accounts	1,738,489	780,098
Note payable – Ontario Land Corporation	406,276	451,418
Advances from the Province of Ontario		
Performance loans, subject to forgiveness	99,659	622,227
Other	142,455,345	135,287,996
Ministry of Health		
St. Joseph's Heritage	1,200,000	1,200,000
Provision for loss on investment (note 2b)	471,650	–
	146,390,480	138,469,474
Shareholder's Equity		
Share capital – authorized and issued		
7,000 shares with a par value of $1,000 each	7,000,000	7,000,000
Retained earnings	43,464,175	37,478,064
	50,464,175	44,478,064
	196,854,655	182,947,538

To the Ontario Development Corporation and
to the Minister of Industry and Trade.

I have examined the balance sheet of Ontario Development Corporation as at March 31, 1984 and the statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations for the year then ended in accordance with the basis of accounting described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

In accordance with section 24 of the Development Corporations Act, a report on the audit has been made to the Corporation and to the Minister.

D. F. Archer

Toronto, Ontario,
August 17, 1984.

D. F. Archer, F.C.A.,
Provincial Auditor.

ONTARIO DEVELOPMENT CORPORATION

Statement of Operations
for the year ended March 31, 1984

	1984 $	1983 $
Revenue		
Interest	10,504,781	10,531,932
Net income on Industrial Parks Operations (Schedule I)	483,896	763,196
	10,988,677	11,295,128
Expense		
Interest	7,817,888	8,290,265
Administration (Schedule II)	4,934,209	4,496,591
Performance loan forgiveness	359,836	684,227
Term loans written off (note 1b)	4,160,798	3,994,100
Payments on guaranteed bank loans (note 1b)	3,827,641	4,128,990
Guarantee interest subsidy	315,253	63,350
Grant	—	100,000
	21,415,625	21,757,523
Loss before recoveries from the Province of Ontario	10,426,948	10,462,395
Recoveries from the Province of Ontario		
Interest expense	3,391,972	4,293,920
Administration	4,934,209	4,496,591
Performance loan forgiveness	359,836	684,227
Term loans written off	4,160,798	3,994,100
Payments on guaranteed bank loans	3,827,641	4,128,990
Guarantee interest subsidy	315,253	63,350
Grant	—	100,000
	16,989,709	17,761,178
Net income before share of loss on long term investment	6,562,761	7,298,783
Equity share of loss on long term investment (note 2b)	576,650	—
Net income for the year	5,986,111	7,298,783

Statement of Retained Earnings
for the year ended March 31, 1984

Balance, beginning of year	37,428,984	29,495,397
Correction of prior period errors (note 5)	49,080	(16,116)
Balance, beginning of year, as restated	37,478,064	29,479,281
Net income for the year	5,986,111	7,298,783
Transfer from replacement of buildings reserve	—	700,000
Balance, end of year	43,464,175	37,478,064

See accompanying notes to financial statements.

ONTARIO DEVELOPMENT CORPORATION

SCHEDULE I

Statement of Industrial Parks Operations for the year ended March 31, 1984 (note 1g)

	1984 $	1983 $
Income		
Rental and utility charges	2,877,681	3,109,336
Interest	512,496	627,170
	3,390,177	3,736,506
Expense		
Salaries and staff benefits	1,118,311	1,117,805
Maintenance and administration	791,753	785,725
Depreciation (notes 1d and 5)	881,037	898,660
Interest expense	111,833	59,046
Bad debt expense	3,347	112,074
	2,906,281	2,973,310
Net income for the year (note 5)	483,896	763,196

Administration Expenses for the year ended March 31, 1984 (note 1f)

SCHEDULE II

	1984 $	1983 $
Salaries and staff benefits	4,052,542	3,782,725
Transportation and communication	285,932	251,715
Services	335,097	304,165
Supplies and equipment	260,638	157,986
	4,934,209	4,496,591

See accompanying notes to financial statements.

Notes to Financial Statements March 31, 1984

1. Significant Accounting Policies

(a) Loans receivable

Loans are disbursed by the Northern Ontario Development Corporation and the Eastern Ontario Development Corporation under section 12(1) of the Development Corporations Act.

Under section 19a of the Act, as amended, the Corporations are authorized to act as agent for the Province in respect of programs, projects or other matters undertaken for the advancement of industrial or economic development.

In accordance with the Act, the loan agreements have been drawn between the borrowers and Ontario Development Corporation. For financial statement purposes, the loans are shown as receivable from borrowers by the disbursing Corporations.

(b) Loans written off and guaranteed loans paid.

Write-offs of loans ultimately deemed uncollectible and guaranteed loans paid are charged directly to expense in the statement of operations. These write-offs are reimbursable by the Treasurer of Ontario.

ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements – Continued
March 31, 1984

(c) Serviced land at Sheridan Park, at cost

The original cost as well as the cost of improvements have been apportioned on a per acre basis, and the resultant per acre cost is used in determining the cost of sales of this land.

(d) Depreciation

Equipment purchases for head and district offices administration are charged to expense in the year of acquisition except for the Industrial Parks operations which capitalize all such expenditures.

Depreciation of fixed assets is provided on a straight-line basis, using rates of from 5 to 20 per cent per annum for buildings and improvements, and 20 per cent per annum for equipment.

(e) Long term investments

The Corporation accounts for its investments in which it has significant influence on the equity basis.

(f) Administration expenses

These expenses are reflected on a modified cash basis as followed by the Province. Certain administrative costs were incurred on behalf of Northern Ontario Development Corporation and Eastern Ontario Development Corporation.

(g) Industrial Parks Operations

Revenues and expenses related to the Industrial Parks operations are recorded on the accrual basis.

2. Long Term Investments

(a) Allelix Inc.

The Corporation owns on behalf of BILD a 20 per cent equity interest in Allelix Inc., a joint venture with Canada Development Corporation (50 per cent) and John Labatt Ltd. (30 per cent), which will carry out basic and applied research in industrial and agricultural applications of biotechnology.

Transactions since acquisition consist of:

Common shares acquired	
200 shares, at cost	$ 200
Research contributions	2,060,000
	$2,060,200

The Corporation has, as agent for BILD, loaned Canada Development Corporation and John Labatt Ltd. $13,500,000 to finance the construction of the research facility. This loan, including accrued interest, is included in BILD loans receivable.

(b) HSA Systems Inc.

The Corporation acquired a 35 per cent equity interest in HSA Systems Inc. for cash consideration of $105,000. The other 65 per cent interest is held by CapVest Limited, a subsidiary of Canada Development Corporation. HSA Systems Inc. is engaged in research and development, manufacture and marketing of electrochemical reactor systems.

The carrying value of the investment has been reduced by the Corporation's share of losses since acquisition, being $576,650. The remainder of the loss is recorded as a provision for loss on investment.

3. Fixed Assets

Fixed assets are stated at acquisition cost and consist of:

	1984			1983
	Cost	Accumulated Depreciation	Net	Net
	$	$	$	$
Land	341,514		341,514	341,514
Buildings and improvements	10,684,224	6,905,337	3,778,887	4,034,818
Equipment	605,195	483,107	122,088	111,995
	11,630,933	7,388,444	4,242,489	4,488,327

ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements – Concluded
March 31, 1984

4. ALLOWANCE FOR DOUBTFUL LOANS

Term loans do not reflect an allowance for doubtful loans as the Treasurer of Ontario reimburses the Corporation for all uncollectible loans written off. Had an allowance for doubtful loans been set up, the Corporation estimates that $11,320,000 (1983 – $10,700,000) would have been recorded.

5. PRIOR PERIOD ERRORS

As a result of errors in depreciation calculations and the classification of certain assets in the Industrial Parks, the balance of retained earnings at March 31, 1983 has been adjusted by the cumulative amount by which depreciation had been reduced; $65,196 of the adjustment is applicable to 1983 and has been credited to income for that year. The remainder is applicable to years prior to 1983 and the balance of retained earnings at that date has been adjusted accordingly. Related fixed asset accounts also reflect the change in accumulated depreciation. The comparative figures have been restated.

6. CONTINGENT LIABILITIES

(a) As at March 31, 1984 contingent liabilities in the form of guaranteed bank loans or other guarantees amounted to $39,835,000 (1983 – $48,563,000).

(b) A legal action claiming aggregate damages of $4,500,000 plus interest has been instituted against the Corporation and others by a former shareholder of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The Corporation is of the opinion that the claim is without merit.

7. COMMITMENTS

Loans authorized but not disbursed as at March 31, 1984 amounted to $72,560,000 (1983 – $79,888,000). The amount of guarantees approved in respect of which bank loans had yet to be advanced was $15,463,000 (1983 – $16,048,000).

In connection with the investment in Allelix Inc., there is a commitment for additional construction loans of $1,500,000 and additional research contributions of $13,000,000 each of which will be financed by BILD.

In connection with the investment in HSA Systems Inc., there is a commitment for additional contributions of $157,500.

8. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1984 presentation.

9. SUBSEQUENT EVENT

On August 9, 1984 the Corporation, acting as agent for the Ministry of Tourism and Recreation, has committed a loan of up to $11,900,000 to the Metropolitan Toronto Convention Centre.

THE ONTARIO EDUCATION CAPITAL AID CORPORATION

Incorporated without share capital under the Ontario Education Capital Aid Corporation Act

Balance Sheet as at March 31, 1984

ASSETS	1984	1983
	$	$
Cash	5,100	5,400
Accrued interest on investments	18,609,424	20,207,852
Long term investments, at cost (Schedule)	934,104,900	1,026,381,600
	952,719,424	1,046,594,852
LIABILITIES		
Accrued interest on advances	18,609,424	20,207,852
Advances from the Treasurer of Ontario	934,110,000	1,026,387,000
	952,719,424	1,046,594,852

See accompanying schedule and notes to financial statements.

Approved on behalf of the Corporation:

Member

Member

To The Ontario Education Capital Aid Corporation and
to the Treasurer of Ontario.

I have examined the balance sheet of The Ontario Education Capital Aid Corporation as at March 31, 1984 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and, in accordance with section 11 of the Ontario Education Capital Aid Corporation Act, to the Treasurer of Ontario.

Toronto, Ontario,
April 30, 1984.

D. F. Archer, F.C.A.,
Provincial Auditor.

THE ONTARIO EDUCATION CAPITAL AID CORPORATION

Statement of Revenue and Expenditure
for the year ended March 31, 1984

	1984 $	1983 $
REVENUE		
Interest on investments	78,916,290	85,308,850
EXPENDITURE		
Interest on advances from the Treasurer of Ontario (note 1)	78,916,290	85,308,850

See accompanying schedule and notes to financial statements.

SCHEDULE

Long Term Investments in Municipal and School Board Debentures
as at March 31, 1984

Analysis by Rate of Interest

Interest Rate %	Principal 1984 $	Principal 1983 $
Under 7.00	150,762,000	183,675,500
7.00-8.99	469,289,500	514,577,500
9.00-10.99	284,499,900	297,630,600
11.00-12.99	29,553,500	30,498,000
	934,104,900	1,026,381,600

Analysis by Years of Maturity

Years of Maturity March 31	Principal 1984 $	Principal 1983 $
1984	–	92,276,700
1985	98,240,800	98,240,800
1986	103,973,500	103,973,500
1987	110,210,400	110,210,400
1988	103,256,900	103,256,900
1989	94,080,400	–
1- 5 years	509,762,000	507,958,300
6-10 years	297,960,900	352,386,800
11-15 years	119,685,000	146,783,500
16-20 years	6,697,000	19,253,000
	934,104,900	1,026,381,600

Notes to Financial Statements
March 31, 1984

1. INTEREST ON ADVANCES

Pursuant to Order in Council 582/78, interest payable by the Corporation on advances from the Treasurer of Ontario is an amount equal to the net interest revenue for the fiscal year.

2. ADMINISTRATION EXPENSE

The cost of administration has been paid by the Province of Ontario.

3. LONG TERM INVESTMENTS

The Corporation has not purchased any new debentures since April 1, 1980. Existing debentures will be fully retired by the year 2000.

ONTARIO EDUCATIONAL SERVICES CORPORATION
(Incorporated under the Business Corporations Act)

Balance Sheet
as at March 31, 1984

ASSETS	1984 $	1983 $
Cash	87,955	29,471
Term deposit	244,492	327,000
Accounts receivable and accrued interest	409,436	986,254
Contracts in process (note 1c)	282,350	427,156
Prepaid expenses	389	1,097
	1,024,622	1,770,978
LIABILITIES		
Accounts payable and accrued liabilities	368,157	71,502
Due to Ministry of Education	–	457,000
Government of Oman Trust Fund (note 4)	40,511	–
Malaysian Fellowship Trust Fund	–	14,864
Unearned revenue (note 5)	535,810	1,125,601
Provision for holdback	–	32,047
	944,478	1,701,014
SHAREHOLDER'S EQUITY		
Share capital		
Authorized –		
2,000,000 common shares without nominal or par value		
Issued and fully paid –		
1 common share (note 6)	1	1
Retained earnings	80,143	69,963
	80,144	69,964
	1,024,622	1,770,978

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

ONTARIO EDUCATIONAL SERVICES CORPORATION

Statement of Operations and Retained Earnings for the year ended March 31, 1984

	1984 $	1983 $
Revenue		
Contract revenue (note 1b)	2,459,430	729,718
Less contract expenditure	2,409,758	702,358
	49,672	27,360
Administrative Expenses (note 7)		
Salaries and benefits	284,222	284,802
Transportation and communication	133,806	83,446
Services	72,816	20,568
Supplies and equipment	10,058	22,449
	500,902	411,265
Loss from operations	451,230	383,905
Other income	35,985	12,581
Contribution from Ministry of Education (note 3)	425,425	413,591
	461,410	426,172
Net income for the year	10,180	42,267
Retained earnings – beginning of year	69,963	27,696
Retained earnings – end of year	80,143	69,963

See accompanying notes to financial statements.

To the Ontario Educational Services Corporation and
to the Minister of Education and of Colleges and Universities.

I have examined the balance sheet of the Ontario Educational Services Corporation as at March 31, 1984 and the statement of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations for the year then ended in accordance with the basis of accounting described in Note 1(a) to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and to the Minister of Education and of Colleges and Universities.

J. F. Otterman

Toronto, Ontario
August 17, 1984

J. F. Otterman, C.A.,
Assistant Provincial Auditor

ONTARIO EDUCATIONAL SERVICES CORPORATION

Notes to Financial Statements
March 31, 1984

1. Summary of Significant Accounting Policies

(a) Basis of accounting
The accompanying financial statements have been prepared in accordance with generally accepted accounting principles except for fixed assets which are expensed when purchased.

(b) Revenue recognition
The percentage of completion method is used when the degree of completion can be objectively determined and related expenses can reasonably be estimated. When this is not possible the revenue is recognized on completion of the contract.

(c) Contracts in process
Contracts in process are valued at the lower of cost and net realizable value. Cost includes direct labour and other direct costs.

2. Dissolution of the Corporation

Ontario Educational Services Corporation was incorporated on November 28, 1980, under the Business Corporations Act in accordance with Order in Council 3194/80 dated November 21, 1980. The terms of the Order in Council stated that the Minister was to make application to dissolve or voluntarily wind up the Corporation within three years after the date of incorporation, unless the Lieutenant Governor in Council directed by Order in Council, that the Corporation should continue.

A further Order in Council 400/84 dated February 16, 1984 directed the Minister of Education to make application as soon as possible under the Business Corporations Act to voluntarily dissolve the Corporation and transfer the assets and liabilities of the Corporation on or before April 1, 1984 to the Ontario International Corporation.

As at August 17, 1984 the transfer of the assets and liabilities had not taken place nor had the application been made to voluntarily dissolve the Corporation.

3. Contribution From Ministry of Education

The contribution from the Ministry of Education represents the payroll costs of $282,125 (1983 – $270,291) for the permanent employees of the Corporation, all of whom are seconded from the Ministry, and an operating grant of $143,300 (1983 – $143,300). In addition, office accommodation is provided without charge by the Ministry of Education.

4. Government of Oman Trust Fund

The Corporation administers a trust fund, on behalf of the Omani Ministry of Education and Youth Affairs, for payment of monthly living allowances and related miscellaneous expenses for the education of 6 Omani students. During the year the client advanced $61,356 to the fund. Total student allowances and expenses for the year amounted to $20,845, thus leaving a balance of $40,511 in the account.

5. Unearned Revenue

Under the terms of the contracts with the Bahrain Defence Force and the Omani Ministry of Education and Youth Affairs, amounts totalling $2,389,672 have been billed by the Corporation for service contracts for the establishment of a Technical Training School and Internship Training respectively from the inception of the contracts to March 31, 1984. During this period $1,853,862 was recognized as revenue in respect of the completed portions of the contracts. The balance remaining, $535,810 will be recognized as revenue as the contracts are completed.

6. Share Capital

The Corporation's share capital is held by the Minister of Education in trust for Her Majesty the Queen in Right of the Province of Ontario.

7. Remuneration of Directors and Senior Officers

The Corporation has fourteen directors and four senior officers. The aggregate remuneration of the directors and senior officers of the Corporation for the year ended March 31, 1984 was $196,709 (1983 – $189,126).

ONTARIO ENERGY

Consolidated December 31,

ASSETS	1983	1982
CURRENT ASSETS:		
Cash, short-term deposits and accrued interest	$ 15,531,589	$ 13,054,569
Accounts receivable	637,115	33,847
Due from affiliated companies	27,145	41,674
Due from Treasurer of Ontario	168,424	—
	16,364,273	13,130,090
INVESTMENTS (Note 2)		
Suncor Inc.	638,529,055	640,318,076
Trillium Exploration Corporation	18,554,147	6,113,012
Polar Gas Project	17,579,429	16,764,156
Other (Note 3)	11,509,767	7,011,405
	686,172,398	670,206,649
FIXED ASSETS	192,747	261,601
	$702,729,418	$683,598,340

Approved by the Board:

Director

Director

CORPORATION

Balance Sheet
1983

LIABILITIES	1983	1982
CURRENT LIABILITIES		
Accounts payable and accrued charges	$ 311,635	$ 2,369,534
Current portion of long-term debt	16,250,000	16,325,000
Due to Treasurer of Ontario	–	3,034,327
	16,561,635	21,728,861
LONG-TERM DEBT (Note 4)	601,250,000	617,987,500
	617,811,635	639,716,361
SHAREHOLDER'S EQUITY		
SHARE CAPITAL (Note 5)	54,205,600	23,333,650
RETAINED EARNINGS	30,712,183	20,548,329
	84,917,783	43,881,979
	$702,729,418	$683,598,340

To the Shareholder of
Ontario Energy Corporation:

We have examined the consolidated balance sheet of Ontario Energy Corporation as at December 31, 1983 and the consolidated statements of income and retained earnings and of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Deloitte Haskins & Sells
Auditors

March 30, 1984

ONTARIO ENERGY CORPORATION

Consolidated Statement of Income and Retained Earnings
year ended December 31, 1983

	1983	1982
Interest Income	$ 2,381,150	$ 2,904,542
Expenses		
General and administrative expenses	2,191,127	1,957,356
Interest (recovered) and bank charges (Note 4)	(1,848,424)	1,008,772
	342,703	2,966,128
Income (Loss) Before Equity Adjustment	2,038,447	(61,586)
Equity Adjustment In Investments	8,125,407	(5,595,373)
Net Income (Loss)	10,163,854	(5,656,959)
Retained Earnings, Beginning of Year	20,548,329	26,205,288
Retained Earnings, End of Year	$30,712,183	$20,548,329

Consolidated Statement of Changes in Financial Position
year ended December 31, 1983

	1983	1982
Sources of Working Capital		
Operations		
Net income (loss)	$10,163,854	$(5,656,959)
Suncor Inc. dividends	10,449,021	10,435,020
Items not affecting working capital		
Deduct equity in earnings of investments	(26,566,407)	(9,600,627)
Add amortization and depreciation		
Suncor Inc.	18,441,000	15,196,000
Other	105,440	124,841
	12,592,908	10,498,275
Share capital	30,871,950	8,333,650
	43,464,858	18,831,925
Uses of Working Capital		
Reduction in long-term debt	16,737,500	16,325,000
Trillium Exploration Corporation investment	12,441,135	6,113,012
Polar Gas Project investment	837,000	564,227
Other investments (net)	5,174,793	6,503,731
Deferred project expenditures	(163,565)	(96,588)
Fixed assets	36,586	190,134
Suncor Inc. investment	–	3,655,368
	35,063,449	33,254,884
Increase (Decrease) in Working Capital	8,401,409	(14,422,959)
Working Capital (Deficiency), Beginning of Year	(8,598,771)	5,824,188
Working Capital Deficiency, End of Year	$ 197,362	$ 8,598,771

ONTARIO ENERGY CORPORATION

Notes to the Consolidated Financial Statements
December 31, 1983

1. Significant Accounting Policies

The Ontario Energy Corporation invests in, or otherwise participates in, energy projects with a view to enhancing the availability of energy in Ontario. The Corporation's involvement in its investments is in a financing rather than an operating role.

Basis of financial statement presentation

The consolidated financial statements include the accounts of the Ontario Energy Corporation and its subsidiaries except Trillium Exploration Corporation ("Trillium"). Trillium is actively involved in an exploration program for oil and gas and its operations are not of a financing nature. Accordingly, Trillium is accounted for using the equity method because consolidating the accounts would not be more informative. Summary information describing the financial position and activities of Trillium is included in Note 2 to these financial statements. Other investments are also accounted for using the equity method.

The full cost method of accounting is used to account for the Corporation's investments in oil and gas exploration activities.

Fixed assets

Furniture, equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Depreciation is determined using the straight-line method over a period of 60 months; leasehold improvements are amortized over the terms of the leases.

Income taxes

The Corporation and its wholly-owned direct subsidiaries and their wholly-owned direct subsidiaries are not subject to income tax so long as not less than 90% of the outstanding shares of the Corporation are held directly by the Province of Ontario. All of the Corporation's outstanding shares are presently held by the Province of Ontario. Onexco Oil & Gas Ltd., which is a wholly-owned indirect subsidiary of the Corporation, is subject to income taxes.

2. Investments

Suncor Inc.

The Corporation owns 25% of the shares of Suncor Inc. which is accounted for using the equity method. The difference between the cost of the shares and the underlying net book value of Suncor Inc., which relates primarily to oil and gas reserves, is being amortized using the unit-of-production method.

Summarized financial information of Suncor Inc. as at December 31 is as follows:

	1983	1982
	(in millions)	
Financial Position		
Working capital	$ 98	$ 173
Total assets	2,130	1,936
Shareholders' equity		
Preferred shares	12	12
Common shares and retained earnings	1,133	1,067
	1,145	1,079
Operations		
Revenue	1,484	1,551
Net income	108	60
Dividends on common shares	42	42

ONTARIO ENERGY CORPORATION

Notes to the Consolidated Financial Statements – Continued
December 31, 1983

Trillium Exploration Corporation

The Corporation has a two-thirds interest in Trillium which was formed in 1982 to explore for oil and gas in the frontier areas of Canada; Suncor Inc., which is owned 25% by the Corporation, owns the other one-third. The following is a summary of Trillium's financial position as at December 31:

	1983	1982
Assets		
Current assets	$23,173,643	$ 7,614,492
Property, equipment and exploration expenditures	10,354,948	2,802,250
	33,528,591	10,416,742
Liabilities		
Accounts payable and accrued liabilities	5,762,312	1,013,245
Shareholder advances		
Suncor Inc.	9,212,112	3,346,846
Ontario Energy Corporation	18,554,107	6,056,591
	33,528,531	10,416,682
Shareholders' equity	60	60
	$33,528,591	$10,416,742

Trillium has no income or loss from operations and, because of its mandate to explore in the frontier, no income or loss is expected for a number of years.

Trillium is eligible for maximum Petroleum Incentives Program grants of 80% of expenditures for the exploration for oil and gas in the frontier areas of Canada.

Polar Gas Project

The Corporation is one of five continuing participants in the Polar Gas Project, four of whom are presently providing funds, and accordingly bears 25% of the ongoing research costs and 33-1/3% of costs related to the application for regulatory approval. The purpose of the Project is to determine the feasibility of constructing and operating facilities for the transmission of natural gas from areas in the Canadian Arctic to southern markets.

The Corporation is not obliged to continue to fund the Project. Should it choose not to do so its investment would be retained but its degree of interest would be diluted.

In the event a company is formed to build and operate transmission facilities, the Corporation's interest would be convertible into equity or debt of such company. Alternatively, under certain circumstances, the Corporation's investment may be repaid.

Other

The Corporation has invested in energy related projects of various types, many of which are in the developmental stage, and has made further commitments towards these projects aggregating approximately $3,700,000. In addition, the Corporation is required to spend a further $4,800,000 during 1984 to meet certain project obligations.

The Corporation has guaranteed, to the extent of $780,000, the performance of an investee company.

3. GOVERNMENT ASSISTANCE

The Corporation received government assistance which is applied to reduce certain costs as follows:

	1983	1982
Interest expense on notes due to Sun Note Corporation	$ 45,583,229	$ 45,052,700
Other investments	$ 2,668,020	$ 2,572,682

4. LONG-TERM DEBT

	1983	1982
Notes due to Sun Note Corporation	$292,500,000	$308,750,000
Due to Treasurer of Ontario	325,000,000	325,562,500
	617,500,000	634,312,500
Less portion due within one year	16,250,000	16,325,000
	$601,250,000	$617,987,500

ONTARIO ENERGY CORPORATION

Notes to the Consolidated Financial Statements – Concluded
December 31, 1983

The notes due to the Sun Note Corporation are payable in 20 semi-annual instalments which commenced on June 15, 1982, of $8,125,000 for each of the first ten instalments and $24,375,000 for each of the remaining ten instalments. Interest is payable semi-annually at the rate of 14.357%. The Treasurer of Ontario has stated that it is the intention of the Government of Ontario to ensure the Corporation has sufficient funds to pay the notes.

The amount due to the Treasurer of Ontario is a non-interest bearing demand loan. It is not the intention of the Treasurer of Ontario to demand payment of the loan in the forthcoming year.

Interest on long-term debt of $43,640,118 was incurred during the year and recovered by way of assistance from the Government of Ontario (see Note 3). Additional assistance from the Government of Ontario of $1,943,111 was accrued at year end.

5. SHARE CAPITAL

	1983	1982
Share capital		
Authorized		
2,000,000 common shares		
20,000,000 non-voting special shares		
Issued and fully paid		
2,000,000 common shares	$100,000,000	$100,000,000
Less		
915,888 (1982 – 1,533,327) common shares held in treasury, at cost	(45,794,400)	(76,666,350)
	$ 54,205,600	$ 23,333,650

During 1983, 617,439 shares held in treasury were resold for cash of $30,872,000 including 460,000 shares sold pursuant to a five year agreement signed during the year in which the Corporation's shareholder agreed to purchase out of appropriated funds $23 million of equity in the Corporation for each of the years 1983-1987 inclusive.

6. RELATED PARTIES

The salary of an officer of the Corporation was paid by the Province of Ontario.

ONTARIO HOUSING CORPORATION

Incorporated without share capital under the Ontario Housing Corporation Act

Balance Sheet
December 31, 1983

ASSETS

	1983 ($000's)	1982 ($000's)
Investment in properties (note 2)		
Provincial housing	1,256,935	1,273,965
Federal-Provincial housing	16,351	16,478
Student housing on leased land	63,841	64,214
Land leased	2,308	2,308
Projects under development	1,005	1,784
Land inventory	2,174	4,713
	1,342,614	1,363,462
Mortgages and loans (note 3)	20,009	16,461
Other assets	439	441
Operating funds due from the Treasurer of Ontario (note 4)	65,995	53,731
Accounts receivable	1,096	1,119
	1,430,153	1,435,214

LIABILITIES

Long-term debt (note 5)		
Canada Mortgage and Housing Corporation	1,174,921	1,191,203
Treasurer of Ontario	170,750	167,776
Other	19,934	19,279
	1,365,605	1,378,258
Accounts payable and accrued liabilities (note 6)	62,573	54,617
Bank indebtedness	1,975	2,339
	1,430,153	1,435,214

See accompanying schedule and notes to financial statements.

On behalf of the Board:

L.F. Peters
Vice-Chairman

D.J. Beesley
General Manager

To the Ontario Housing Corporation, and
to the Minister of Municipal Affairs and Housing.

I have examined the balance sheet of Ontario Housing Corporation as at December 31, 1983 and the statement of operations for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1983 and the results of its operations for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

In accordance with section 12 of the Ontario Housing Corporation Act, a report on the audit will be made to the Corporation and to the Minister of Municipal Affairs and Housing.

D.F. Archer

Toronto, Ontario,
May 15, 1984.

D.F. Archer, F.C.A.,
Provincial Auditor.

ONTARIO HOUSING CORPORATION

Statement of Operations
Year ended December 31, 1983

	1983 ($000's)	1981 ($000's)
LOSS ON HOUSING OPERATIONS		
Assisted housing operations		
Rental revenue	171,691	150,081
Expenses		
Property operating expenses	221,953	205,267
Grants in lieu of municipal taxes	65,130	60,384
Amortization (principal repayments and interest)	126,645	113,592
	413,728	379,243
Loss on assisted housing operations (note 7)	242,037	229,162
Loss on rent supplement operations (note 8)	42,834	38,593
	284,871	267,755
Less: Canada Mortgage and Housing Corporation share	145,671	137,700
	139,200	130,055
Provincial contributions to municipal housing projects (note 9)	11,468	10,944
Loss on rural and native housing program (note 10)	2,069	1,232
Loss on housing operations	152,737	142,231
OTHER REVENUE AND EXPENSES		
Interest revenue	(8,120)	(8,932)
Interest expense	6,920	7,988
Administration expenses (Schedule)	739	1,269
Net other (revenue) expenses	(461)	325
NET OPERATING LOSS FOR THE YEAR	152,276	142,556
OPERATING FUNDS PROVIDED BY THE TREASURER OF ONTARIO	152,276	142,556

See accompanying schedule and notes to financial statements.

SCHEDULE

Administration Expenses
Year ended December 31, 1983

	1983 ($000's)	1982 ($000's)
Salaries and benefits	3,164	3,216
General and office expenses	215	258
Administrative support services (note 11)	8,635	9,002
	12,014	12,476
Less: Administration expenses charged to operations	11,275	11,207
	739	1,269

See accompanying notes to financial statements.

ONTARIO HOUSING CORPORATION

Notes to Financial Statements
December 31, 1983

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles with the exception of:

i) investments in Provincial and Federal-Provincial properties (land and buildings) which are amortized over the terms of the corresponding indebtedness; and

ii) furniture and equipment purchases which are expensed in the year of acquisition.

(b) Capitalization of Costs

Carrying charges for properties under development are capitalized and include interest, administration expenses and grants in lieu of municipal taxes.

(c) Self-Insurance

The Corporation follows the policy of self-insuring its Provincial and Federal-Provincial properties for property damage such as fire, water and vandalism. Costs of such repairs are charged to property operating expenses.

2. INVESTMENT IN PROPERTIES

(a) Provincial housing

This represents land and building costs of wholly-owned properties which are amortized over the terms of the corresponding indebtedness.

	1983 ($000's)	1982 ($000's)
Cost	1,317,239	1,316,989
Less: accumulated amortization	60,304	43,024
Net book value	1,256,935	1,273,965

(b) Federal-Provincial housing

Federal-Provincial properties are owned and operated on a partnership basis with Canada Mortgage and Housing Corporation. The balance represents the Corporation's share of land and building costs which are amortized over the terms of the corresponding indebtedness.

	1983 ($000's)	1982 ($000's)
Cost	19,891	19,748
Less: accumulated amortization	3,540	3,270
Net book value	16,351	16,478

(c) Student housing on leased land

This investment represents building costs to provide student accommodation on land leased from 11 universities and colleges. These costs are being repaid semi-annually to the Corporation by the educational institutions over 50 years. When costs are fully repaid, title to the properties will be transferred to the respective institutions. Rental income and maintenance costs on these properties are absorbed by the institutions.

	1983 ($000's)	1982 ($000's)
Cost	67,890	67,890
Less: educational institution's equity	4,049	3,676
Net book value	63,841	64,214

(d) Land Leased

This land, valued at cost, is leased to the City of Toronto Non-Profit Housing Corporation for a period of 15 years expiring in the year 1991 with option to renew thereafter.

(e) Projects under development

This represents the Corporation's share of land and building costs of projects under development pertaining to the Rural and Native housing program.

The Corporation, under agreement with Canada Mortgage and Housing Corporation (CHMC), provides capital funds for the development and subsequent sale by mortgage of family units in rural areas in the Province of Ontario. CMHC is responsible for administration of this program.

Carrying charges for projects under development were capitalized in the amount of $0.5 million (1982—$0.4 million).

ONTARIO HOUSING CORPORATION

Notes to Financial Statements – Continued
December 31, 1983

(f) Land inventory

These lands, acquired for development of housing projects and previously valued at cost, are now valued at the lower of cost or estimated market value. A comparison of the estimated market values and book values (cost) has resulted in a write-down of $2.4 million which is included in property operating expenses in the Statement of Operations.

3. MORTGAGES AND LOANS

	1983 ($000's)	1982 ($000's)
Rural and Native Housing Program	15,047	11,460
Other	4,962	5,001
	20,009	16,461

Mortgages and loans receivable yield interest at varying rates. Total interest income from mortgages and loans receivable amounted to $2.2 million in 1983 (1982 – $1.7 million).

4. OPERATING FUNDS DUE FROM THE TREASURER OF ONTARIO

The receivable of $66.0 million (1982 – $53.7 million) represents the balance due from the Treasurer of Ontario for the current year's net operating loss less advances received to date.

5. LONG-TERM DEBT

The Corporation borrows funds from Canada Mortgage and Housing Corporation (CMHC), Treasurer of Ontario and the private sector to finance investments in real property. Such borrowings are repaid in accordance with agreement terms over periods normally not in excess of 50 years.

Interest is payable to CMHC and the private sector at various rates based on individual agreements ranging from 4.25% to 15% – weighted average rate of 8.09% (1982 from 4.25% to 15% – weighted average rate of 8.08%); and interest is payable to the Treasurer of Ontario at the weighted average rate of 8.52% (1982 – 8.43%).

Estimated scheduled principal repayments due for long term debt are as follows:

	($000's)
1984	8,117
1985	8,824
1986	9,593
1987	10,429
1988	11,338
subsequent to 1988	1,317,304
	1,365,605

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of:

	1983 ($000's)	1982 ($000's)
Canada Mortgage and Housing Corporation	26,519	27,825
Other	36,054	26,792
	62,573	54,617

7. LOSS ON ASSISTED HOUSING OPERATIONS

Under the assisted housing program, the Corporation provides rent-geared-to-income accommodation principally to families and senior citizens. The loss on this program is shared with Canada Mortgage and Housing Corporation.

8. LOSS ON RENT SUPPLEMENT OPERATIONS

Under the rent supplement programs, the Corporation provides rent-geared-to-income accommodation within the private sector to applicants from its waiting list. The cost of these programs is shared with Canada Mortgage and Housing Corporation.

9. PROVINCIAL CONTRIBUTIONS TO MUNICIPAL HOUSING PROJECTS

The Corporation contributed $11.5 million (1982 – $10.9 million) to The Metropolitan Toronto Housing Company Limited towards operating costs for senior citizen apartment units.

10. LOSS ON RURAL AND NATIVE HOUSING PROGRAM

This program, administered by Canada Mortgage and Housing Corporation, provides subsidized home ownership to families in rural areas. Mortgage payments are geared to owners' incomes. The loss represents the Corporation's share of the subsidy provided.

ONTARIO HOUSING CORPORATION

Notes to Financial Statements – Concluded
December 31, 1983

11. ADMINISTRATIVE SUPPORT SERVICES

The Ministry of Municipal Affairs and Housing provides central administrative support services to the Corporation. The charge for such support services was determined on a basis acceptable to the Ministry and the Corporation.

12. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1983 presentation.

ONTARIO HYDRO

Summary of Significant Accounting Policies

The accompanying financial statements have been prepared by management in accordance with generally accepted accounting principles in Canada which have been applied on a basis consistent with that of the preceding year. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality and in the light of information available up to March 12, 1984. To assist the reader in understanding the financial statements, the Corporation's significant accounting policies are summarized below:

Rate-setting

Ontario Hydro has broad powers to generate, supply and deliver electric power throughout the Province of Ontario. The Corporation operates under the Power Corporation Act and is subject to provisions of the Ontario Energy Board Act.

Under the provisions of the Power Corporation Act, the price payable by customers for power is the cost of supplying the power. Such cost is defined in the Act to include the cost of operating and maintaining the system, depreciation, interest, and the amounts appropriated for debt retirement and stabilization of rates and contingencies. The debt retirement appropriation is the amount required under the Act to accumulate in 40 years a sum equal to the debt incurred for the cost of the fixed assets in service. The appropriation for, or withdrawal from, the stabilization of rates and contingencies reserve is an amount established to maintain a sound financial position and to stabilize the effect of cost fluctuations.

Under the provisions of the Ontario Energy Board Act, a public hearing before the Ontario Energy Board is required in respect of any changes in electricity rates proposed by Ontario Hydro which affect its municipal utilities, direct industrial customers, or, if the Minister of Energy so directs, rural retail customers. The Ontario Energy Board submits its recommendations to the Minister of Energy. After considering the recommendations of the Ontario Energy Board, the Board of Directors of Ontario Hydro under the authority of the Power Corporation Act establishes the electricity rates to be charged to customers. If the Board of Directors specifies a certain cost or gain is to be included in future electricity rates, that would otherwise be charged or credited to operations in the current year, then this cost or gain is deferred and amortized to future operations on a basis consistent with its inclusion in rates.

Fixed assets

Fixed assets are capitalized at cost which is comprised of material, labour and engineering costs, as well as overheads, depreciation on service equipment and interest applicable to capital construction activities. In the case of generation facilities, cost also includes the net cost of commissioning, and for nuclear generation, the cost of heavy water. The net cost of commissioning is the cost of start-up less the value attributed to energy produced by generation facilities during their commissioning period. The cost of heavy water is comprised of the direct cost of production, and applicable overheads, as well as interest and depreciation on the heavy water production facilities. Leases which transfer the benefits and risks of ownership of assets to Ontario Hydro are capitalized.

Interest is capitalized on construction in progress at rates (1983 – 14.0% and 1982 – 13.9%) which approximate the average cost of long-term funds borrowed in the years in which expenditures have been made for fixed assets under construction. If the construction period of a project is extended and the construction activities are continued, interest is capitalized during the period of extension provided that the project has a reasonable expectation of completion.

If a project is cancelled, or deferred indefinitely with a low probability of construction being resumed in the future, all costs, including the costs of cancellation, are written off to operations.

If fixed assets are mothballed for future use, the costs of mothballing are charged to operations.

Depreciation

The capital costs of fixed assets in service are depreciated on a straight-line basis. Depreciation rates for the various classes of assets are based on their estimated service lives, which are subject to periodic review. Changes in service life estimates are implemented on a remaining service life basis from the year the change can be first reflected in electricity rates. Major components of generating stations are depreciated over the lesser of the service life expectancy of the component or the remaining service life of the associated generating station.

The estimated service lives of assets in the major classes are:

Generating stations	
– hydraulic	– 65 to 100 years
– fossil	– 25 to 35 years
– nuclear	– 40 years
Heavy water	– over the period ending in the year 2040
Transmission and distribution	– 20 to 55 years
Administration and service	– 5 to 60 years
Heavy water production facilities	– 11 to 20 years

In accordance with group depreciation practices, for normal retirements the cost of fixed assets retired is charged to accumulated depreciation with no gain or loss being reflected in operations. However, gains and losses on sales of fixed assets, and losses on premature retirements are charged to operations in the year incurred as adjustments to depreciation expense.

When the net costs of removal on retirement of fixed assets can be reasonably estimated and are significant, the amounts are amortized to operations on an annuity basis over the remaining service life of the fixed assets. Other net removal costs are charged to operations as incurred. Net removal costs amortized to operations include the estimated costs of decommissioning nuclear stations and, commencing in 1983, the estimated costs of removing certain nuclear reactor fuel channels. Estimates of net removal costs, interest rates, and

the amortization periods are subject to periodic review. Changes in estimated costs are implemented on a remaining service life basis from the year the changes can be first reflected in electricity rates.

Fixed assets removed from operation and mothballed for future use are amortized so that any estimated loss in value is charged to operations on a straight-line basis over their non-operating period.

Unamortized advances for fuel supplies

As part of its program to ensure the adequate supply of fuels for its generating stations, Ontario Hydro has entered into long-term fuel supply contracts. Where these contracts require Ontario Hydro to make payments for pre-production costs to suppliers in advance of product delivery, these payments and associated costs, including interest, are carried in the accounts as unamortized advances for fuel supplies. The advances are amortized to fuel inventory as the fuels are delivered.

Fuel for electric generation

Fuel used for electric generation is comprised of the average inventory costs of fuel consumed, charges for commissioning energy produced, and provisions for disposal of nuclear fuel irradiated during the period. The inventory cost of fuel consumed is comprised of fuel purchases, transportation and handling costs, and the amortization of advances for fuel supplies. Transportation costs include charges for interest and depreciation on railway equipment owned by Ontario Hydro. The charges for commissioning energy produced during the period represent the incremental operating and fuel costs of producing the same quantity of energy at generating units displaced because of the commissioning activity. The costs for disposal of nuclear fuel irradiated in each period are charged to operations based on estimated future expenditures and interest accumulating to the estimated date of disposal. Estimates of expenditures, interest rates, and the date of disposal are subject to periodic review. Adjustments resulting from changes in estimates are amortized to operations on an annuity basis over the period from the year the changes can be first reflected in electricity rates to the estimated in-service date of the disposal facility.

Unamortized debt discount

Debt discounts or premiums arising on the issuance of debt are amortized over the period to maturity of the debt. In addition, redemption discounts or premiums on debt acquired prior to the date of maturity are amortized over the period from the acquisition date to the original maturity date of the debt.

Nuclear agreement – Pickering units 1 and 2

Ontario Hydro, Atomic Energy of Canada Limited and the Province of Ontario are parties to a joint undertaking for the construction and operation of units 1 and 2 of Pickering Nuclear Generating Station, with ownership of these units being vested in Ontario Hydro. Contributions to the capital cost by Atomic Energy of Canada Limited and the Province of Ontario amounted to $258 million and these have been deducted in arriving at the value of fixed assets in service in respect of Pickering units 1 and 2. Ontario Hydro is required to make monthly payments until the year 2001 to each of the parties in proportion to their capital contributions. These payments, termed "payback", represent in a broad sense the net operational advantage of having the power generated by Pickering units 1 and 2 as compared with coal-fired units similar to Lambton units 1 and 2.

Foreign currency translation

Long-term debt payable in foreign currencies is translated to Canadian currency at rates of exchange at the time of issue. Current monetary assets and liabilities, including long-tem debt payable within one year, are translated to Canadian currency at year-end rates of exchange and the resulting gains or losses, together with realized exchange gains or losses, are credited or charged to operations.

Pension plan

The pension plan is a contributory, defined benefit plan covering all regular employees of Ontario Hydro. Pension costs, as actuarially determined, include current service costs and amounts required to amortize any surpluses or unfunded liabilities. Commencing January 1, 1983, if there is a net surplus in the fund, it is amortized over five years or if their is a net unfunded liability arising from past service obligations it is amortized over fifteen years. Prior to 1983, surpluses and unfunded liabilities were amortized individually over fifteen years.

Research and development

Research and development costs are charged to operations in the year incurred, except for those related directly to the design or construction of a specific capital facility.

ONTARIO HYDRO

Statement of Operations
for the year ended December 31, 1983

	1983 $'000	1982 $'000
Revenues		
Primary power and energy		
Municipal utilities	2,265,308	1,997,752
Rural retail customers	643,395	575,784
Direct industrial customers	448,007	395,250
	3,356,710	2,968,786
Secondary power and energy (note 1)	448,421	418,844
	3,805,131	3,387,630
Costs		
Operation, maintenance and administration	951,818	853,569
Fuel used for electric generation	1,006,306	902,089
Power purchased	126,420	127,519
Nuclear agreement – payback	37,311	65,334
Depreciation (note 2)	395,438	347,779
	2,517,293	2,296,290
Income before financing charges	1,287,838	1,091,340
Interest (note 3)	760,364	672,503
Foreign exchange (note 4)	55,823	70,418
	816,187	742,921
Net income	471,651	348,419
Appropriation for:		
Debt retirement as required by the Power Corporation Act	185,030	168,015
Stabilization of rates and contingencies	286,621	180,404
	471,651	348,419

See accompanying summary of significant accounting policies and notes to financial statements.

ONTARIO HYDRO

Statement of Financial Position
as at December 31, 1983

Assets	1983 $'000	1982 $'000
Fixed assets		
Fixed assets in service (note 5)	14,655,203	13,073,735
Less accumulated depreciation	3,606,410	3,186,729
	11,048,793	9,887,006
Construction in progress (note 5)	8,898,965	7,712,599
	19,947,758	17,599,605
Current assets		
Cash and short-term investments (note 6)	357,529	452,200
Accounts receivable	471,199	364,277
Fuel for electric generation (note 7)	759,360	801,842
Materials and supplies, at cost	191,122	199,489
	1,779,210	1,817,808
Other assets		
Unamortized advances for fuel supplies (note 8)	894,065	758,823
Unamortized deferred costs (note 9)	398,370	394,793
Unamortized debt discount	80,123	58,893
Long-term accounts receivable and other assets	94,368	90,910
	1,466,926	1,303,419
	23,193,894	20,720,832

See accompanying summary of significant accounting policies and notes to financial statements.

Auditors' Report

To the Minister of Energy and to the Board of Directors of Ontario Hydro:

We have examined the statement of financial position of Ontario Hydro as at December 31, 1983 and the statements of operations, equities accumulated through debt retirement appropriations, reserve for stabilization of rates and contingencies and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Ontario Hydro as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

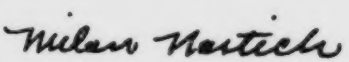
Toronto, Canada
March 12, 1984

CLARKSON GORDON
Chartered Accountants

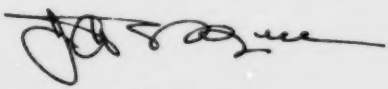
ONTARIO HYDRO

Liabilities	1983 $'000	1982 $'000
Long-term debt		
Bonds and notes payable (note 10)	18,017,388	16,089,328
Other long-term debt (note 11)	222,920	241,159
	18,240,308	16,330,487
Less payable within one year	263,105	448,537
	17,977,203	15,881,950
Current liabilities		
Accounts payable and accrued charges	525,324	562,223
Short-term notes payable	26,270	112,949
Accrued interest	579,290	521,094
Long-term debt payable within one year	263,105	448,537
	1,393,989	1,644,803
Other liabilities		
Long-term accounts payable and accrued charges	166,086	80,753
Accrued irradiated fuel disposal and fixed asset removal costs (note 12)	147,648	75,644
	313,734	156,397
Contingencies (notes 5 and 13)		
Equity		
Equities accumulated through debt retirement appropriations	2,156,280	1,971,458
Reserve for stabilization of rates and contingencies	1,225,993	939,529
Contributions from the Province of Ontario as assistance for rural construction	126,695	126,695
	3,508,968	3,037,682
	23,193,894	20,720,832

On behalf of the Board:



Chairman



Vice-Chairman

Toronto, Canada
March 12, 1984.

ONTARIO HYDRO

Statement of Equities Accumulated through Debt Retirement Appropriations for the year ended December 31, 1983

	Municipal Utilities	Power District (Rural Retail and Direct Industrial Customers)	Totals	
			1983	1982
	$'000	$'000	$'000	$'000
Balances at beginning of year	1,381,573	589,885	1,971,458	1,803,662
Debt retirement appropriation	126,369	58,661	185,030	168,015
Transfers and refunds on annexations by municipal utilities	1,853	(2,061)	(208)	(219)
Balances at end of year	1,509,795	646,485	2,156,280	1,971,458

Statement of Reserve for Stabilization of Rates and Contingencies for the year ended December 31, 1983

	Held for the benefit of all customers	Held for the benefit of (or recoverable from) certain groups of customers			Totals	
		Municipal Utilities	Rural Retail Customers	Direct Industrial Customers	1983	1982
	$'000	$'000	$'000	$'000	$'000	$'000
Balances at beginning of year	948,127	1,144	(9,565)	(177)	939,529	759,296
Appropriation	288,843	136	(1,494)	(864)	286,621	180,404
Transfers and recoveries on annexations by municipal utilities	(78)	—	57	—	(21)	(44)
Payment to Ontario Municipal Electric Association (note 14)	—	(136)	—	—	(136)	(127)
Balances at end of year	1,236,892	1,144	(11,002)	(1,041)	1,225,993	939,529

See accompanying summary of significant accounting policies and notes to financial statements.

ONTARIO HYDRO

Statement of Changes in Financial Position
for the year ended December 31, 1983

	1983 $'000	1982 $'000
Source of Funds		
Operations		
Net income	471,651	348,419
Charges not requiring funds in the current year:		
Depreciation	395,438	347,779
Provision for irradiated fuel disposal costs	40,450	56,708
Other	4,716	28,225
	912,255	781,131
Financing		
Long-term debt		
Bonds and notes payable and other long-term debt issued	2,536,490	2,845,624
Less retirements	607,872	631,490
	1,928,618	2,214,134
Short-term notes payable – (decrease) increase	(86,679)	15,749
Cash and short-term investments – decrease (increase)	94,671	(43,759)
	1,936,610	2,186,124
Accounts payable and accrued interest – increase	21,297	207,386
Long-term accounts payable and accrued charges – increase	85,333	14,267
Fuel, materials and supplies – decrease (increase)	53,222	(160,203)
	3,008,717	3,028,705
Application of Funds		
Net additions to fixed assets (note 15)	2,709,542	2,883,039
Unamortized advances for fuel supplies – increase	135,242	161,999
Accounts receivable and other assets – increase (decrease)	163,933	(16,333)
	3,008,717	3,028,705

See accompanying summary of significant accounting policies and notes to financial statements.

ONTARIO HYDRO

Notes to Financial Statements

1. Secondary power and energy

Secondary power and energy is comprised mainly of revenues of $447 million in 1983 (1982 – $418 million) from sales of electricity to United States utilities.

2. Depreciation

	1983 $'000	1982 $'000
Depreciation of fixed assets in service	477,979	452,189
Amortization of deferred costs	16,723	15,508
Amortization of net removal costs	31,000	14,000
Other net removal costs	8,634	7,508
	534,336	489,205
Less:		
Depreciation charged to – heavy water production	110,892	108,754
– construction in progress	25,446	23,733
– fuel for electric generation	2,373	2,387
Gain on sales of fixed assets	187	6,552
	138,898	141,426
	395,438	347,779

Depreciation of fixed assets in service includes $26 million (1982 – $15 million) for the amortization of non-operating generating units which have been mothballed. (See note 5.)

3. Interest

	1983 $'000	1982 $'000
Interest on bonds, notes, and other debt	1,999,763	1,702,607
Interest on accrued irradiated fuel disposal and fixed asset removal costs	12,245	4,936
	2,012,008	1,707,543
Less:		
Interest charged to – construction in progress	966,345	758,622
– heavy water production	123,869	127,042
– unamortized advances for fuel supplies	68,799	53,792
– fuel for electric generation	34,796	28,116
Interest earned on investments	57,835	67,468
	1,251,644	1,035,040
	760,364	672,503

4. Foreign exchange

	1983 $'000	1982 $'000
Exchange loss on redemption and translation of foreign long-term debt	54,204	66,317
Net exchange loss on other foreign transactions	1,619	4,101
	55,823	70,418

ONTARIO HYDRO

5. Fixed assets

	1983			1982		
	$'000			$'000		
	Assets in Service	Accumulated Depreciation	Construction in Progress	Assets in Service	Accumulated Depreciation	Construction in Progress
Generating stations						
– hydraulic	1,776,229	482,715	41,885	1,755,915	452,953	26,404
– fossil	2,833,986	894,816	546,357	2,797,302	804,473	392,697
– nuclear	3,021,025	437,289	6,695,329	1,950,220	366,665	5,878,047
Heavy water	752,534	96,576	1,302,056	594,007	85,984	1,028,890
Transmission and distribution	4,153,281	1,000,971	251,300	3,953,425	932,118	297,825
Administration and service	757,821	306,895	58,662	667,011	268,271	65,384
Heavy water production facilities	1,360,327	387,148	3,376	1,355,855	276,265	23,352
	14,655,203	3,606,410	8,898,965	13,073,735	3,186,729	7,712,599

On August 1, 1983, the unit 2 reactor at the Pickering Nuclear Generating Station was shut down when heavy water began leaking from the heat transport system. The leak was traced to a cracked pressure tube. As part of an investigation, the Pickering unit 1 reactor, the "sister" of unit 2, was shut down on November 14, 1983, for inspection and metallurgical testing of a sample of its reactor pressure tubes. On March 12, 1984, Ontario Hydro's Board of Directors decided to replace the pressure tubes in units 1 and 2 prior to restarting these units. Retubing of the two units is expected to be completed by 1987. Electricity demand for both primary and secondary customers will be met by Ontario Hydro's other sources of generation.

An initial assessment of the financial implications arising from the pressure tube failure and the retubing has been completed. Preliminary indications of the impact on the capital construction program and operations are that for the period 1984 to 1992, capital costs, excluding interest capitalized, are expected to increase approximately $200 million (1984 dollars) and revenue requirements are expected to increase approximately $280 million (1984 dollars) over amounts previously forecast for this period.

Eight units (1982 – five units) at the R. L. Hearn Generating Station, four units (1982 – four units) at the Lennox Generating Station and two units at the J. C. Keith Generating Station are mothballed. The capital cost and accumulated depreciation of these non-operating fossil-fueled units, amounting to $701 million and $276 million, respectively (1982 – $562 million and $162 million, respectively), are included in fixed assets in service. At this time it is uncertain if, or when, these units will resume operation.

The remaining two units at the J. C. Keith Generating Station, one unit at the Thunder Bay Generating Station, and Bruce Heavy Water Plant "A" are expected to be mothballed in 1984. The capital costs and accumulated depreciation of these facilities, amounting to $305 million and $248 million, respectively, are included in fixed assets in service.

Construction in progress at December 31, 1983 is comprised of:

	Remaining Number of Units Scheduled	Planned In-Service Dates	Dependable Capacity to be Placed in Service	Costs Incurred to December 31, 1983	Estimated Costs to Complete (Excluding Escalation and Interest)
			MW	$ millions	$ millions
Nuclear generating stations (including heavy water)					
Pickering "B"	3	1984-85	1,548	2,234	140
Bruce "B"	4	1985-87	3,124	4,057	830
Darlington	4	1988-92	3,524	1,477	4,360
Fossil generating station					
Atikokan	1	1984	206	531	60
All other construction in progress	–	–	–	600	–
				8,899	

The above estimates are the most recent forecasts. These estimates exclude cost escalation and interest which are forecast to average 7.8% and 12.8% per year, respectively, over the period 1984 to 1992. Because of the uncertainties associated with long construction lead times and planned in-service dates, these costs to complete are subject to change.

ONTARIO HYDRO

6. Cash and short-term investments

	1983	1982
	$'000	$'000
Cash and interest bearing deposits with banks and trust companies	329,297	431,459
Corporate notes	5,000	5,278
Government and government-guaranteed securities	23,232	15,463
	357,529	452,200

Corporate notes were recorded at cost which approximates market value. Government and government-guaranteed securities were recorded at the lower of cost or market value: market value as at December 31, 1983 was $23 million (1982 – $17 million).

7. Fuel for electric generation

	1983	1982
	$'000	$'000
Inventories – coal	462,296	590,268
– uranium	293,992	200,177
– oil	3,072	11,397
	759,360	801,842

8. Unamortized advances for fuel supplies

	1983	1982
	$'000	$'000
Coal	94,499	113,010
Uranium	799,566	645,813
	894,065	758,823

Based on present commitments, additional advance payments for fuel supplies will total approximately $57 million over the next five years, including approximately $12 million in 1984.

9. Unamortized deferred costs

	1983	1982
	$'000	$'000
Bruce Heavy Water Plant "D"	352,470	353,393
Wesleyville Generating Station	45,900	41,400
	398,370	394,793

Bruce Heavy Water Plant "D"

Bruce Heavy Water Plant "D" is an indefinitely deferred project with a low probability of construction being resumed in the future. The Board of Directors has specified that the capital cost of this project be amortized at an annual rate of 4% in 1983, and the unamortized cost as at January 1, 1984 be amortized for recovery through rates at an annual rate of 10% over the period 1984 to 1993.

Wesleyville Generating Station

The value of the remaining assets of the Wesleyville Generating Station project has been reduced by $46 million. The Board of Directors has specified that this cost be amortized for recovery through rates at an annual rate of 10% over the period 1984 to 1993.

ONTARIO HYDRO

10. Bonds and notes payable

Bonds and notes payable, expressed in Canadian dollars, are summarized by years of maturity and by the currency in which they are payable in the following table:

Years of maturity	1983 Principal Outstanding $'000			1983 Weighted Average Coupon Rate	1982 Principal Outstanding $'000	1982 Weighted Average Coupon Rate
	Canadian	Foreign	Total		Total	
1983	–	–	–		428,647	
1984	99,278	143,641	242,919		210,974	
1985	485,100	291,722	776,822		855,095	
1986	150,000	146,989	296,989		145,982	
1987	717,957	199,911	917,868		920,698	
1988	849,262	285,927	1,135,189		–	
1- 5 years	2,301,597	1,068,190	3,369,787	11.2%	2,561,396	10.8%
6-10 years	550,940	3,189,775	3,740,715	12.6	2,809,698	12.9
11-15 years	989,113	399,353	1,388,466	8.2	1,043,321	8.1
16-20 years	2,515,622	568,673	3,084,295	11.9	3,102,444	11.3
21-25 years	1,581,405	1,933,108	3,514,513	9.7	2,715,613	9.5
26-30 years	1,286,240	1,633,372	2,919,612	12.8	3,856,856	11.5
	9,224,917	8,792,471	18,017,388	11.3	16,089,328	11.0
Currency in which payable:						
Canadian dollars			9,224,917		8,314,524	
United States dollars			8,669,928		7,653,712	
West German Deutsche marks			50,993		64,368	
Swiss francs			71,550		56,724	
			18,017,388		16,089,328	

Bonds and notes payable in United States dollars include $5,792 million (1982 – $5,108 million) of Ontario Hydro bonds held by the Province of Ontario and having terms identical with Province of Ontario issues sold in the United States on behalf of Ontario Hydro. All bonds and notes payable are either held, or guaranteed as to principal and interest, by the Province of Ontario.

Bonds and notes payable in foreign currencies are translated into Canadian currency at rates of exchange at time of issue. If translated at year-end rates of exchange, the total amount of these liabilities would have to be increased by $925 million at December 31, 1983 (1982 – $848 million).

11. Other long-term debt

	1983 $'000	1982 $'000
The balance due to Atomic Energy of Canada Limited for the purchase of Bruce Heavy Water Plant "A". Under the purchase agreement, Ontario Hydro pays equal monthly instalments of blended principal and interest to December 28, 1992, with interest at the rate of 7.795%	163,666	175,835
Capitalized lease obligation for the head office building at 700 University Avenue, Toronto. The lease obligation is for the 30-year period ending September 30, 2005, payable in United States dollars at an effective interest rate of 8%	40,666	41,310
Capitalized lease obligations for transport and service equipment. Under these agreements, monthly instalments of principal and interest will be paid to 1988, at effective interest rates ranging from 6.8% to 12%	18,588	24,014
	222,920	241,159

Payments required on the above debt, excluding interest, will total $100 million over the next five years. The amount payable within one year is $20 million (1982 – $20 million).

ONTARIO HYDRO

12. Accrued irradiated fuel disposal and fixed asset removal costs

	1983	1982
	$'000	$'000
Accrued irradiated fuel disposal costs	110,229	60,669
Accrued fixed asset removal costs	37,419	14,975
	147,648	75,644

Irradiated fuel disposal costs

Studies have been carried out to estimate the costs to be incurred for the disposal of irradiated nuclear fuel. The significant assumptions used in estimating the future irradiated fuel disposal costs were:

- an in-service date of the year 2000 for irradiated nuclear fuel disposal facilities;
- a transportation distance of 1,600 kilometres from nuclear generating facilities to disposal facilities; and
- interest and escalation rates through to the disposal date averaging 13.1% and 9.2%, (1982 – 9.2% and 7.3%), respectively.

Because of the uncertainties associated with the technology of disposal and the above factors, these costs are subject to change.

Fixed asset removal costs

Studies have been carried out to estimate the costs of decommissioning nuclear generating stations after the end of their service lives, and also the costs of removing certain fuel channels expected to be replaced during their service lives. The significant assumptions used in estimating decommissioning costs were:

- decommissioning on the deferred dismantlement basis (dismantlement following storage with surveillance for a 30-year period after shutdown of the reactors);
- a transportation distance of 1,600 kilometres from nuclear generating facilities to disposal facilities; and
- interest and escalation rates through to the completion of decommissioning averaging 11.0% and 8.5%, (1982 – 8.0% and 6.6%), respectively.

The significant assumptions used in estimating the fuel channel removal costs were:

- removal of fuel channels in Pickering NGS "A" units 1 to 4 and Bruce NGS "A" units 1 to 3 in the 1994 to 2006 period; and
- interest and escalation rates through to 2006 averaging 13.2% and 8.3%, respectively.

Because of the uncertainties associated with the technology of decommissioning and fuel channel removal, and the above factors, these costs are subject to change. As a consequence of the Pickering unit 2 pressure tube failure, the timing and costs of removal of fuel channels in Pickering units 1 and 2 are being revised (see note 5). The impact of these changes will not be included in costs until the changes can be reflected in rates in 1985.

13. Fuel used for electric generation

Ontario Hydro contracted with Petrosar Limited for the purchase of 20,000 barrels of residual fuel oil per day through to April 1992. Deliveries for the years 1981 and 1982 were 6% and 2%, respectively, of the contract quantities. No deliveries were taken during 1983. Amounts have been charged to the costs of operations in prior years to provide for settlement with respect to reduced deliveries up to and including 1982. Ontario Hydro advised Petrosar Limited on May 24, 1983 that the contract is at an end due to Petrosar's prior undertaking to the Government of Canada to limit its production of residual fuel oil to an amount less than the contracted quantities. Petrosar has commenced actions claiming damages of $45.5 million and $59.9 million for failure to take the contract quantities in 1981 and 1982, respectively. Ontario Hydro has counterclaimed for $39.4 million paid to Petrosar Limited in 1980, 1981 and 1982 and an accounting for the difference between market and contract prices for residual fuel supplied since the date of such undertaking. The result of these actions and counterclaims and the rights of Petrosar Limited under the contract are not determinable.

14. Payment to Ontario Municipal Electric Association

The amount of this payment is equivalent to interest on the balance held for the benefit of Municipal Utilities in the Reserve for Stabilization of Rates and Contingencies.

15. Net additions to fixed assets

Net additions to fixed assets are capital construction expenditures less the proceeds on sales of fixed assets. The proceeds on sales of fixed assets in 1983 and 1982 were insignificant. For 1984, net additions to fixed assets are estimated to be approximately $2,700 million.

16. Pension plan

The most recent actuarial valuation of Ontario Hydro's pension plan as at December 31, 1982 reported a surplus of approximately $16 million (December 31, 1981 – $28 million).

The significant actuarial assumptions used in the 1982 valuation (1981 valuation) were:

- rate used to discount future investment income 8.5% (1981 – 8.5%) and future benefits 8% (1981 – 8%);
- salary escalation rate 8% (1981 – 8%);
- average retirement age for males 61.2 (1981 – 61.4) and for females 60.7 (1981 – 61.3); and
- common stocks valuation 5 year average (1981 – 5 year average).

Additional unfunded liabilities of approximately $54 million, for plan improvements, partially offset by the experience surplus for 1982 of approximately $42 million, decreased the pension plan surplus by $12 million.

The pension plan costs for 1983 were $73 million (1982 – $70 million).

17. Research and development

In 1983, approximately $58 million of research and development costs were charged to operations and $4 million were capitalized (1982 – $61 million and $5 million, respectively).

THE ONTARIO JUNIOR FARMER ESTABLISHMENT LOAN CORPORATION

(Incorporated without share capital under the Junior Farmer Establishment Act)

Balance Sheet
as at March 31, 1984

ASSETS

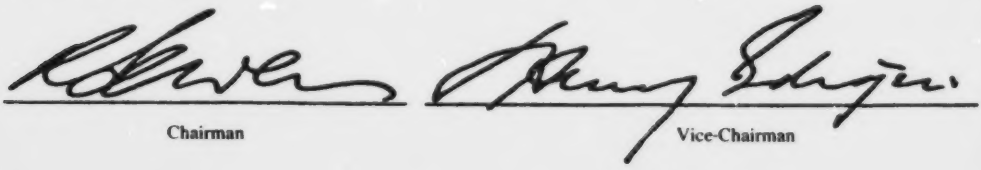
	1984	1983
	$	$
Cash – general	37,683	26,326
– trust funds (note 2)	27,317	17,907
Contribution due from the Treasurer of Ontario (note 4)		32,153
Mortgage loans		
– interest due and accrued	1,305,931	1,406,039
– principal	40,744,091	44,048,642
	42,115,022	45,531,067

LIABILITIES

Contribution due to the Treasurer of Ontario (note 4)	27,740	–
Funds held in trust (note 2)	27,317	17,907
Capital advances due to the Treasurer of Ontario including accrued interest	42,059,965	45,513,160
	42,115,022	45,531,067

See accompanying notes to financial statements.

On behalf of the Board:



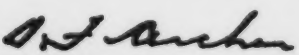
Chairman Vice-Chairman

To The Ontario Junior Farmer Establishment Loan Corporation,
to the Minister of Agriculture and Food, and
to the Treasurer of Ontario and MInister of Economics.

I have examined the balance sheet of The Ontario Junior Farmer Establishment Loan Corporation as at March 31, 1984 and the statement of operations for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation, to the Minister and, in accordance with section 8 of the Junior Farmer Establishment Act, to the Treasurer of Ontario and Minister of Economics.



Toronto, Ontario,
August 2, 1984.

D. F. Archer, F.C.A.,
Provincial Auditor.

THE ONTARIO JUNIOR FARMER ESTABLISHMENT LOAN CORPORATION

Statement of Operations
for the year ended March 31, 1984

	1984 $	1983 $
Revenue		
Mortgage interest (note 5)	2,129,983	2,290,709
Miscellaneous	6,444	4,447
	2,136,427	2,295,156
Expenditure (note 3)		
Interest on capital advances — Treasurer of Ontario (note 5)	2,858,687	3,077,309
Net operating loss for the year	722,260	782,153
Contribution by the Treasurer of Ontario (note 4)	722,260	782,153

See accompanying notes to financial statements.

Notes to Financial Statements
March 31, 1984

1. STATUS OF CORPORATION

The Corporation has not accepted any new mortgage loan applications since 1969 and the final mortgage instalments on outstanding loans are payable in 1999.

2. FUNDS HELD IN TRUST

The provisions of the Corporation's mortgage indentures allow the Corporation, without taking title through foreclosure, to sell a farm property in certain circumstances for cash or credit.

In prior years, the Corporation had sold a number of properties and had taken back mortgages, some of which were for a greater amount than the outstanding balance on the original mortgage. This additional amount as of March 31, 1984 of $108,300 (1983 — $109,900) including accrued interest has not been recorded in the financial statements as the Corporation has no obligation until payments are actually received on account of these additional amounts.

All mortgage payments received are applied first against the amount of the original mortgage with the remaining payments held in trust for the original owner or other claimants by the Corporation. When the mortgage has been fully repaid by the new purchaser, the funds held in trust will be distributed.

3. ADMINISTRATION EXPENSES

Salaries of the Corporation's staff and sundry administrative costs have been absorbed by the Ministry of Agriculture and Food and are not included in the statement of revenue and expenditure.

4. CONTRIBUTION DUE TO/FROM THE TREASURER OF ONTARIO

The cost of the loan program, which is represented by the net operating loss for the year, is paid out of moneys appropriated therefor by the Legislature. The payable of $27,740 (1983 receivable of $32,153) represents the amount due back to the Treasurer of Ontario for the current year's net operating loss net of advances received to date.

5. INTEREST ON MORTGAGES AND CAPITAL ADVANCES

Interest earned by the Corporation on its mortgage loans is fixed by legislation and averages approximately 5 per cent per annum. Interest payable by the Corporation on capital advances from the Treasurer of Ontario has been established by the Treasurer of Ontario at 6.7 per cent. This interest differential is the primary reason for the Corporation's excess of expenditure over revenue.

ONTARIO LAND CORPORATION

Balance Sheet
March 31, 1984

	Notes	1984 ($'000)	1983 ($'000)
ASSETS			
Real Estate			
Land inventory	1	475,528	487,694
Land Leased to Homeowners	2	34,841	35,519
Properties	3, 8(b)	13,347	11,592
	4	523,716	534,805
Mortgages and Loans	5, 8(b)	516,001	581,078
Cash	8(b)	5,158	23,289
Marketable Securities	6, 8(b)	71,670	40,758
Accounts Receivable		789	953
		1,117,334	1,180,883
Mortgage Guarantee Fund	12	2,162	1,968
LIABILITIES			
Long-term Debt			
Treasurer of Ontario	7	942,846	1,011,747
Canada Mortgage and Housing Corporation	8	105,229	107,557
Other		—	319
		1,048,075	1,119,623
Accounts Payable and Accrued Liabilities		6,578	7,365
		1,054,653	1,126,988
EQUITY			
Retained Earnings		62,681	53,895
		1,117,334	1,180,883
Mortgage Guarantee Fund	12	2,162	1,968

On behalf of the Board:

Director

Director

ONTARIO LAND CORPORATION

Statement of Earnings
Year ended March 31, 1984

	Notes	1984 ($000's)	1983 ($000's)
REVENUES			
Real Estate Marketing and Operations			
Sales of Land and Properties		19,570	33,847
Rent from Land Leased to Homeowners		2,930	2,969
Deferred Gains Realized		2,754	1,442
		25,254	38,258
Interest on Mortgages and Loans		56,245	62,877
Interest on Cash and Marketable Securities		10,745	12,970
Other	9	1,555	1,387
		93,799	115,492
EXPENSES			
Cost of Land and Properties Sold		19,907	30,451
Interest	10	64,468	67,488
Other	11	638	981
		85,013	98,920
NET EARNINGS FOR THE YEAR		8,786	16,572

Statement of Retained Earnings
Year ended March 31, 1984

	1984 ($000's)	1983 ($000's)
Retained earnings, beginning of year	53,895	37,323
Net earnings for the year	8,786	16,572
Retained earnings, end of year	62,681	53,895

ONTARIO LAND CORPORATION

Statement of Changes in Financial Position
Year Ended March 31, 1984

	1984 ($'000)	1983 ($'000)
SOURCE OF CASH		
Net Earnings for the Year	8,786	16,572
Depreciation and other Non-Cash Items	369	925
Cash Provided from Operations	9,155	17,497
Real Estate Costs Realized Through Sales	19,907	30,451
Net Reduction of Mortgages and Loans	63,240	19,764
Advances from the Treasurer of Ontario	6,068	11,291
	98,370	79,003
USE OF CASH		
Repayment of Long-Term Debt	77,616	69,764
Development of Real Estate	7,350	17,041
Other Changes—Net	623	260
	85,589	87,065
INCREASE (DECREASE) IN CASH AND MARKETABLE SECURITIES	12,781	(8,062)

Summary of Significant Accounting Policies
March 31, 1984

Ontario Land Corporation (OLC) was incorporated in 1975 as a Crown Corporation without share capital under the Ontario Land Corporation Act. The Corporation manages 26,700 hectares of land acquired for land banking and development purposes, and 26,300 mortgages and 6,000 land leases issued under various housing programs. OLC is a partner with Canada Mortgage and Housing Corporation (CMHC) in certain land and mortgage programs, and earns administration fees for managing CMHC's interest in these programs. The Corporation is also a partner with various municipalities in certain mortgage programs.

The financial statements are prepared on the historical cost basis. The statements include the Corporation's proportionate share of the individual assets, liabilities, revenues and expenses of partnerships. No amounts are included in respect of salaries, benefits, or administrative expenses, as these are absorbed by the Ministry of Municipal Affairs and Housing.

Real Estate

Land inventory is recorded at cost, which includes acquisition cost, planning and development costs where applicable, and capitalized carrying costs. Revenue from rental of undeveloped land is applied to reduce the carrying costs.

Land leased to homeowners is recorded as above, except that capitalization of carrying costs ceased on the date the land was leased to the homeowner. Revenues received from these leases are recorded as earnings.

Properties consist of (i) commercial rental properties and (ii) residential properties acquired upon default of mortgage loans. The commercial rental properties are carried at cost less accumulated depreciation. The acquired residential properties are carried at the unpaid loan balance together with operating costs net of rent received, less an allowance for losses.

Depreciation of the commercial properties is recorded using the sinking fund method over a 40-year life for the properties. The sinking fund method provides a depreciation charge which increases at a rate compounded at 4% per annum, which is sufficient to fully depreciate the buildings over their anticipated useful lives. Depreciation is not charged on the acquired residential properties.

Mortgages and Loans

Mortgages and loans are carried at the amount due including interest and property taxes paid on behalf of the mortgagor, less an allowance for mortgage losses.

Marketable Securities

Marketable securities are carried at cost plus accrued interest.

ONTARIO LAND CORPORATION

Capitalized Carrying Costs

The cost of land inventory includes carrying charges such as maintenance, grants-in-lieu of taxes and interest.

Interest on partnership lands is capitalized at rates set by CMHC, the Corporation's partner in the ventures.

Interest on wholly-owned lands is not capitalized. Prior to the current year, interest was capitalized on the development costs incurred with respect to these lands.

Income Recognition

Income from the sale of land and property is recognized when title passes to the purchaser.

In previous years the Corporation sold individual lots and took back non-interest bearing deferred mortgages as part of the sales proceeds. A portion of the gain on each sale, equal to the amount of such mortgage, was deferred. The deferred gains are taken into income at the time when mortgage repayment commences.

Notes to Financial Statements
March 31, 1984

1. LAND INVENTORY

Land is classified as follows:

	1984		1983
	(Corporation's Proportionate Share)		
	Hectares	($'000)	($'000)
Land under development	139	19,281	31,393
Land held for development or sale	25,645	456,247	456,301
	25,784	475,528	487,694

2. LAND LEASED TO HOMEOWNERS

Land leased to homeowners represents the Corporation's interest in 5,988 lots (1983—6,119) on which homes have been built. A lessee may, at his option, purchase and acquire title to the land.

3. PROPERTIES

Properties consist of the following:

	1984			1983
	Cost	Accumulated Depreciation	Net	Net
		($'000)		
Commercial rental properties —2 properties (1983—Nil)	3,809	69	3,740	—
Residential acquired properties —309 units (1983—351)	9,607	—	9,607	11,592
	13,416	69	13,347	11,592

4. REAL ESTATE

Real estate transactions during the year were:

	Land Inventory	Land Leased to Home-owners	Properties	Total
		($'000)		
Balance, March 31,1983	487,694	35,519	11,592	534,805
Acquisitions	1,657	—	2,237	3,894
Development costs	4,126	—	208	4,334
Capitalized interest	514	—	—	514
Grants-in-lieu of taxes	2,080	—	—	2,080
Net operating costs	(2,459)	—	646	(1,813)
Recoveries	(191)	—	—	(191)
Transfers	(2,901)	—	2,901	—
Cost of sales	(14,992)	(678)	(4,237)	(19,907)
Balance, March 31, 1984	475,528	34,841	13,347	523,716

ONTARIO LAND CORPORATION

Notes to Financial Statements – Continued
March 31, 1984

5. MORTGAGES AND LOANS

Details of mortgages and loans receivable are as follows:

	1984 ($'000)	1983 ($'000)
Residential mortgages and agreements for sale		
Insured under the National Housing Act	55,221	68,913
Uninsured (net of 1.5% allowance)	438,731	489,426
Total residential (average interest rate 10.47%; 1983 – 10.04%)	493,952	558,339
Non-interest bearing deferred mortgages	25,592	28,395
Builders mortgages	10,864	13,097
Municipalities and other	10,779	9,191
Ontario Development Corporation	406	451
	541,593	609,473
Less: Deferred gains arising from non-interst bearing deferred mortgages	25,592	28,395
	516,001	581,078

6. MARKETABLE SECURITIES

The market value of the securities is $69,544,000 (1983 – $39,183,000).

7. LONG-TERM DEBT – TREASURER OF ONTARIO

The assets of the Corporation are financed mainly by loans from the Treasurer of Ontario. These loans are repayable as funds are realized from these assets. Details of the amounts due are:

	1984 ($'000)	1983 ($'000)
Interest bearing – Average rate 9.23% (1983 – 9.21%)	545,317	613,062
Non-interest bearing	392,893	393,961
Non-interest bearing to March 31, 1985	4,636	4,724
	942,846	1,011,747

8. LONG-TERM DEBT – CHMC

(a) Debt due to CMHC is repayable under two debentures due December 31, 2001 as follows:

	Balance	
	1984 ($'000)	1983 ($'000)
National Housing Act Section 40 – 7.10%	35,144	36,087
National Housing Act Section 42 – 9.84%	70,085	71,470
	105,229	107,557

Principal repayments of the above are due as follows:

	($'000)
Year Ending March 31, 1985	2,536
1986	2,763
1987	3,011
1988	3,281
1989	3,576
Subsequent to 1989	90,062
	105,229

ONTARIO LAND CORPORATION

Notes to Financial Statements – Continued
March 31, 1984

(b) As part of the repayment plan for the CMCH debentures, a debt retirement fund was established in December 1981. The elements of the fund are included under the appropriate classifications in the Balance Sheet. Details of the fund are:

	1984 ($'000)	1983 ($'000)
Cash and marketable securities	49,954	32,667
Residential mortgages	43,214	60,203
Residential properties acquired	589	–
	93,757	92,870

9. OTHER REVENUES

Other revenues are categorized as follows:

	1984 ($'000)	1983 ($'000)
Administration and sundry fees	1,483	1,387
Rent from commercial properties	72	–
	1,555	1,387

10. INTEREST

Interest incurred during the year was:

	1984 ($'000)	1983 ($'000)
Treasurer of Ontario	55,302	61,128
CMHC	9,664	9,904
Other	16	41
Total Interest Incurred	64,982	71,073
Capitalized to land inventory	(514)	(3,585)
Net Interest Expense	64,468	67,488

In previous years, interest was capitalized on the development costs incurred with respect to wholly-owned lands. Such capitalization ceased effective April 1, 1983. Had the policy been continued, an additional amount of $2,857,000 of interest would have been capitalized in 1984.

11. OTHER EXPENSES

Other expenses are categorized as follows:

	1984 ($'000)	1983 ($'000)
Provision for losses on mortgages	300	925
Operating expenses of commercial properties	221	–
Depreciation of commercial properties	69	–
Miscellaneous	48	56
	638	981

12. MORTGAGE GUARANTEE FUND

The Corporation maintains a Mortgage Guarantee Fund which was established to satisfy any liability arising out of guarantees given for specific mortgages provided by private sector lenders. The outstanding balance of the mortgages so guaranteed is $14,897,000 (1983 – $20,670,000).

The Corporation's maximum liability is the amount of the Fund. The Province of Ontario is responsible for any claims in excess of this amount.

ONTARIO LAND CORPORATION

Notes to Financial Statements – Concluded
March 31, 1984

Details of the Fund are:

	1984 ($'000)	1983 ($'000)
(i) Fund Continuity from Inception		
Fee revenue from borrowers	828	828
Interest income	1,329	1,135
	2,157	1,963
Net gain on guarantee operations	5	5
	2,162	1,968
(ii) Fund Assets		
Cash	107	255
Marketable securities (market value $1,135,000; 1983 – $593,000)	1,384	807
Mortgages receivable	663	847
Due from Ontario Land Corporation	8	59
	2,162	1,968

13. CONTINGENT LIABILITIES

Certain persons, whose land was expropriated by the Corporation, may apply to the Ontario Municipal Board for reassessment of the compensation paid upon expropriation. Additional compensation that may be awarded is to be determined by arbitration and negotiation, and is estimated at a maximum of $2.0 million. During the year the Corporation paid settlements of $1.9 million. This amount has been treated as a land acquisition cost, as will any future payments under this category.

The Corporation and others are defendants in three lawsuits claiming that they were negligent in allowing the building and sale of houses on a site contaminated by radioactive waste. Damages claimed are approximately $16,000,000. The Corporation is denying all liability in these actions on the grounds that it had no knowledge of the contamination. The Corporation's lawyers have advised that it is unlikely that any liability will attach to the Corporation. Accordingly, no provision for this item has been made in the financial statements.

14. COMPARATIVE FIGURES

Comparative figures have been reclassified to conform with the March 31, 1984 presentation.

15. ADMINISTERED PROGRAMS

In its capacity as an agent of the Province, the Corporation administers certain housing incentive programs. These consist of the advancing of funds and the taking back of non-interest bearing mortgages subject to specific conditions.

Advances under these programs are recorded by the Province as transfer payments and memorandum accounts receivable in the Public Accounts. The Corporation does not include these amounts in its balance sheet, and all recoveries are deposited into the Consolidated Revenue Fund of the Province.

Advances under these programs as at March 31 were:

	1984 ($'000)	1983 ($'000)
Ontario Renter-Buy (ORB)	72,817	61,988
Ontario Rental Construction Loan (ORCL)	75,536	61,338
Other	155	—
	148,508	123,326

ONTARIO LAND CORPORATION

To the Ontario Land Corporation and to the Minister of Municipal Affairs and Housing:

I have examined the balance sheet of the Ontario Land Corporation as at March 31, 1984 and the statements of earnings, retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with the policies described in the Summary of Significant Accounting Policies. Further, in my opinion, such policies, except for the change in the method of capitalization of interest on development costs as described in note 10, have been applied on a basis consistent with that of the preceding year.

In accordance with section 29 of the Ontario Land Corporation Act, a report on the audit will be made to the Corporation and to the Minister.

D. F. Archer

Toronto, Ontario
August 3, 1984

D. F. Archer, F. C. A.
Provincial Auditor

ONTARIO LOTTERY CORPORATION

(Incorporated without share capital under The Ontario Lottery Corporation Act)

Balance Sheet as at March 31, 1984

ASSETS

	1984 ($000's)	1983 ($000's)
Current assets		
Cash	9,369	16,240
Prize funds	32,261	35,194
Due from Interprovincial Lottery Corporation	3,117	4,403
Accrued interest	407	396
Accounts receivable	5,937	2,993
Prepaid expenses	263	713
	51,354	59,939

LIABILITIES

Current liabilities		
Prize money unclaimed	32,261	35,194
Net profit/proceeds due to the Treasurer of Ontario (notes 3 and 4)	4,560	4,821
Accounts payable and accrued liabilities	7,317	8,548
Deferred income	7,216	11,376
	51,354	59,939

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

To the Board of Directors of the Ontario Lottery Corporation and
to the Minister of Tourism and Recreation.

I have examined the balance sheet of the Ontario Lottery Corporation as at March 31, 1984 and the statements of operations and net profit/proceeds due to the Treasurer of Ontario for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations for the year then ended in accordance with the accounting policy described in Note 1a to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and to the Minister.

Toronto, Ontario,
August 3, 1984.

D. F. Archer, F.C.A.,
Provincial Auditor.

ONTARIO LOTTERY CORPORATION

Statement of Net Profit/Proceeds due to the Treasurer of Ontario for the year ended March 31, 1984

	1984 ($000's)	1983 ($000's)
Balance, beginning of year	4,821	3,284
Net profit/proceeds for the year		
Wintario	40,128	44,226
Lottario	74,781	73,358
Provincial	16,319	16,171
Super Loto	15,884	14,402
Lotto 6/49	66,829	15,380
Instant (note 6)	2,798	–
	216,739	163,537
Less payments to the Treasurer of Ontario on account of net profit/proceeds:		
Wintario (note 3)	40,000	44,000
Lottario (note 3)	76,000	73,000
Provincial (note 4)	16,000	16,000
Super Loto (note 4)	15,000	15,000
Lotto 6/49 (note 4)	68,000	14,000
Instant (notes 3 and 6)	2,000	–
	217,000	162,000
Balance, end of year		
Wintario	460	332
Lottario	312	1,531
Provincial	1,142	823
Super Loto	1,639	755
Lotto 6/49	209	1,380
Instant (note 6)	798	–
	4,560	4,821

See accompanying notes to financial statements.

Statement of Operations for the year ended March 31, 1984

	1984 ($000's)	1983 ($000's)
Cash ticket sales	608,752	494,671
Free tickets	53,066	55,425
	661,818	550,096
Less commissions – retailers and distributors	50,318	44,136
	611,500	505,960
Prizes		
Wintario – cash	64,456	70,873
– free tickets	42,908	46,116
Lottario	100,670	101,590
Instant (note 6)	4,805	–
	212,839	218,579

ONTARIO LOTTERY CORPORATION

Statement of Operations – Continued

Cost of tickets (note 2)		
Provincial	26,431	25,167
Super Loto – cash	20,103	18,065
– free tickets	10,158	9,309
Lotto 6/49	71,488	23,274
	128,180	75,815
Operating expenses		
Advertising	18,389	16,264
Ticket printing	7,953	7,483
Administration and other expenses	18,404	16,375
Payment to Government of Canada (note 5)	12,406	8,677
Equipment	1,202	5,603
	58,354	54,402
Operating income	212,127	157,164
Interest	4,612	6,373
Net profit/proceeds for the year	216,739	163,537

See accompanying notes to financial statements.

Notes to Financial Statements
March 31, 1984

1. Significant Accounting Policies

(a) Basis of Accounting

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

(b) Deferred Income

Revenues received net of expenses incurred for draws held subsequent to March 31st are deferred.

2. Provincial, Super Loto and Lotto 6/49

Pursuant to section 7(b) of the Ontario Lottery Corporation Act, the Corporation was authorized by the Lieutenant Governor in Council to enter into agreements with other provinces regarding an interprovincial lottery scheme. The Provincial, Super Loto and Lotto 6/49 lotteries are joint undertakings by all provinces acting through the Interprovincial Lottery Corporation, a company incorporated under the Canada Business Corporation Act, the shares of which are held by Her Majesty the Queen in right of the respective provinces.

The Ontario Lottery Corporation is the Regional Marketing Organization for the Provincial, Super Loto and Lotto 6/49 in Ontario. The Corporation purchases Provincial and Super Loto tickets from the Interprovincial Lottery Corporation and manages the sale of Lotto 6/49 tickets on behalf of the Interprovincial Lottery Corporation in Ontario. The cost of tickets for the three games is composed of the proportional share of prizes based on the number of tickets sold, plus operating expenses less relevant interest earnings of the Interprovincial Lottery Corporation.

3. Net Profits – Wintario and Lottario

Pursuant to section 9 of the Ontario Lottery Corporation Act, the net profits of the Corporation after provision for prizes and the payment of expenses and operations, are payable into the Consolidated Revenue Fund of the Province.

4. Net Proceeds – Provincial, Super Loto and Lotto 6/49

Pursuant to Order in Council 226/83, all moneys attributed to or accruing to Ontario from the Provincial, Super Loto and Lotto 6/49 after providing for prizes and the payment of operating expenses, are payable into the Consolidated Revenue Fund of the Province of Ontario to be held in trust.

ONTARIO LOTTERY CORPORATION

Notes to Financial Statements – Concluded
December 31, 1983

5. PAYMENT TO GOVERNMENT OF CANADA

An agreement was made between the Government of Canada and the Province of Ontario in August 1979 which stipulated that the Government of Canada would withdraw from the sale of lottery tickets effective December 31, 1979. Effective January 1, 1980 the agreement required the provinces to remit quarterly to the Government of Canada the sum of $6 million, appropriately adjusted to reflect the effects of inflation. The provinces agreed to share this cost based on a formula which took into account each province's population and proportionate ticket sales.

Effective April 1, 1983 this formula was amended by the provinces and is based on a formula which takes into account population and disposable income.

Ontario's 1983-84 share of the payment was $12,406,000 (1982-83 $8,677,000) and was remitted to the Government of Canada through the Interprovincial Lottery Corporation.

6. NEW GAME

On March 5, 1984 the Corporation introduced its first instant game called "Shoot to Score". Under this game most prizes are won instantly rather than being dependent on a draw.

7. COMMITMENTS

The Corporation has entered into an agreement to purchase, over a period of three years 3,000 lottery terminals valued at approximately $25 million.

8. INCOME TAXES

As a Crown Corporation of the Province of Ontario, the Corporation is exempt from income taxes and accordingly no provision is required.

9. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1984 presentation.

THE ONTARIO MUNICIPAL IMPROVEMENT CORPORATION

Incorporated without share capital under the Ontario Municipal Improvement Corporation Act

Balance Sheet as at March 31, 1984

ASSETS	1984	1983
	$	$
Cash	4,048	5,866
Accrued interest on investments	1,193,491	1,278,291
Long term investments, at cost (Schedule)	34,905,952	38,324,134
	36,103,491	39,608,291
LIABILITIES		
Accrued interest on advances from the Treasurer of Ontario	1,193,491	1,278,291
Advances from the Treasurer of Ontario	34,910,000	38,330,000
	36,103,491	39,608,291

See accompanying schedule and notes to financial statements.

Approved on behalf of the Corporation:

Member

Member

To The Ontario Municipal Improvement Corporation and
to the Treasurer of Ontario.

I have examined the balance sheet of The Ontario Municipal Improvement Corporation as at March 31, 1984 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and, in accordance with section 12 of The Ontario Municipal Improvement Corporation Act, to the Treasurer of Ontario.

Toronto, Ontario,
April 30, 1984.

D. F. Archer, F.C.A.,
Provincial Auditor.

THE ONTARIO MUNICIPAL IMPROVEMENT CORPORATION

Statement of Revenue and Expenditure
for the year ended March 31, 1984

	1984 $	1983 $
REVENUE		
Interest on investments	4,145,950	3,949,740
EXPENDITURE		
Interest on advances from the Treasurer of Ontario (note 1)	4,145,950	3,949,740

See accompanying schedule and notes to financial statements.

SCHEDULE

Long Term Investments in Municipal and School Board Debentures
as at March 31, 1984

Analysis by Rate of Interest			Analysis by Years of Maturity		
Interest Rate %	Principal 1984 $	1983 $	Years of Maturity March 31	Principal 1984 $	1983 $
Under 7.00	180,852	420,423			
			1984	–	3,417,948
7.00- 8.99	6,880,250	7,919,550	1985	3,231,472	3,231,472
			1986	3,252,566	3,252,566
9.00-10.99	13,623,250	15,047,112	1987	3,063,314	3,063,314
			1988	2,903,000	2,903,000
11.00-12.99	5,700,500	6,304,800	1989	2,602,200	–
13.00-19.25	8,521,100	8,632,015			
	34,905,952	38,323,900	1- 5 years	15,052,552	15,868,300
			6-10 years	10,690,100	11,164,800
			11-15 years	8,361,300	10,232,800
			16-20 years	790,000	1,041,000
			21-25 years	12,000	17,000
				34,905,952	38,323,900
Add:					
Accrued interest paid on debentures purchased	–	234		–	234
	34,905,952	38,324,134		34,905,952	38,324,134

Notes to Financial Statements
March 31, 1984

1. INTEREST ON ADVANCES

Pursuant to Order in Council 775/77, interest payable by the Corporation on advances from the Treasurer of Ontario is an amount equal to the excess of revenue over other expenditure for the fiscal year.

2. ADMINISTRATION EXPENSE

The cost of administration has been paid by the Province of Ontario.

ONTARIO NORTHLAND

Consolidated as at December

ASSETS

	1983 $	1982 $
Current Assets		
Cash and short term investments	6,934,638	3,300,760
Marketable securities at cost	—	272,830
Accounts receivable	14,299,696	13,779,643
Materials and supplies (note 1b)	3,890,821	4,844,897
Prepaid expenses	167,569	122,559
	25,292,724	22,320,689
Long Term Investments – at cost		
Government Bonds (Market value $18,870,000; 1982 – $26,175,000)	18,263,865	23,066,781
Other Assets – at cost		
Self Insurance Fund (Market value $1,039,800; 1982 – $869,000) (note 3)	1,040,474	844,288
Bus Franchises	297,679	297,679
Investment in Telesat Canada	150,000	150,000
	1,488,153	1,291,967
Investment in Property – at cost less accumulated depreciation (Schedule 1 and note 1c)	145,152,543	147,297,702
	190,197,285	193,977,139

See accompanying schedules and notes to financial statements.

Approved on behalf of the Commission:

Commissioner

General Manager

TRANSPORTATION COMMISSION

Balance Sheet
31, 1983

LIABILITIES AND EQUITY

	1983 $	1982 $
Current Liabilities		
Accounts payable and accrued charges	17,226,670	21,392,374
Debenture payable—current portion	—	1,937,500
	17,226,670	23,329,874
Provision for Self Insurance (note 3)	1,040,474	844,288
Long Term Debt		
Note due 2003 (note 4)	22,500,000	37,500,000
Loan from Province of Ontario non-interest bearing	35,207,935	35,207,935
Obligation under capital lease (note 5)	197,840	371,497
	57,905,775	73,079,432
Province of Ontario Equity		
Contributed surplus (note 1c)	13,534,751	14,842,452
Retained income	100,489,615	81,881,093
	114,024,366	96,723,545
	190,197,285	193,977,139

To the Ontario Northland Transportation Commission and
to the Minister of Northern Affairs.

I have examined the consolidated balance sheet of the Ontario Northland Transportation Commission as at December 31, 1983 and the consolidated statements of income, retained income, contributed surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Commission as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

A report on the audit, completed in accordance with section 39 of the Ontario Northland Transportation Commission Act, has been made to the Commission and to the Minister of Northern Affairs.

D. F. Archer

Toronto, Ontario,
March 23, 1984.

D. F. Archer, F.C.A.,
Provincial Auditor.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Consolidated Statement of Income
for the year ended December 31, 1983

	1983 $	1982 $
Operating Revenues		
— Commercial (Schedule 3)	84,888,866	81,649,724
— Non Commercial (Schedule 4)	13,743,677	13,916,251
Total Operating Revenues	98,632,543	95,565,975
Operating Expenditures		
— Commercial (Schedule 3)	69,913,907	70,473,974
— Non Commercial (Schedule 4)	31,971,805	31,717,447
Total Operating Expenditures	101,885,712	102,191,421
Loss on Operations	3,253,169	6,625,446
Government Reimbursement (Schedule 2 and note 8)	20,042,127	19,399,625
	16,788,958	12,774,179
Investment Income		
Interest Expense	(3,337,703)	(3,614,393)
Interest Earned	3,382,524	4,005,325
Gain on sale of bonds	1,774,743	483,806
Net Investment Income	1,819,564	874,738
Net Income for the Year	18,608,522	13,648,917

Consolidated Statement of Retained Income
for the year ended December 31,1983

	1983 $	1982 $
Balance, beginning of year	81,881,093	68,232,176
Add net income for the year	18,608,522	13,648,917
Balance, end of year	100,489,615	81,881,093

Consolidated Statement of Contributed Surplus
for the year ended December 31, 1983

	1983 $	1982 $
Balance, beginning of year	14,842,452	15,482,503
Add: — Northlander trainsets	—	428,000
— norOntair aircraft and associated equipment	60,000	50,276
— Capital expenditures of The Owen Sound Transportation Company, Limited	23,142	157,356
	14,925,594	16,118,135
Less: depreciation charges for the year	1,390,843	1,275,683
Balance, end of year	13,534,751	14,842,452

See accompanying schedules and notes to financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Consolidated Statement of Changes in Financial Position for the year ended December 31, 1983

	1983 $	1982 $
Source of working capital		
Net income for the year	18,608,522	13,648,917
Add items not requiring an outlay of working capital		
— depreciation expense	6,322,611	6,116,851
— amortization of discount on bonds	(314,354)	(373,525)
— gain on sale of bonds	(1,774,743)	(483,806)
Working capital provided from operations	22,842,036	18,908,437
Proceeds on disposal of property	4,388,924	648,237
Reimbursement of capital expenditures by Province of Ontario	83,142	635,632
Proceeds on sale of bonds	17,762,888	4,685,000
	45,076,990	24,877,306
Use of working capital		
Addition to investment in property	9,957,219	20,254,969
Purchase of bonds	10,870,875	19,285,071
Reduction of debentures	15,000,000	1,937,500
Reduction of obligation under capital lease	173,657	153,493
	36,001,751	41,631,033
Increase (decrease) in working capital	9,075,239	(16,753,727)
Working capital, beginning of year	(1,009,185)	15,744,542
Working capital, end of year	8,066,054	(1,009,185)

Changes in Working Capital

Current assets — increase (decrease)		
Cash	3,633,878	(13,767,322)
Marketable securities	(272,830)	—
Accounts receivable	520,053	(1,507,201)
Materials and supplies	(954,076)	432,570
Prepaid expenses	45,010	(133)
	2,972,035	(14,842,086)
Current liabilities — (increase) decrease		
Accounts payable and accrued charges	4,165,704	(99,141)
Debenture payable	1,937,500	(1,812,500)
	6,103,204	(1,911,641)
Increase (decrease) in working capital	9,075,239	(16,753,727)

See accompanying schedules and notes to financial statements.

Schedule 1

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Schedule of Investment in Property as at December 31, 1983

	1983 $	1982 $
Rail – Roadway	91,428,524	87,409,957
– Buildings	12,997,692	13,928,162
– Equipment	39,394,547	39,271,705
Telecommunications	50,354,932	45,197,178
Buses	2,245,936	2,328,106
Boat	927,413	927,413
norOntair aircraft	7,947,639	7,947,639
Remote North power and communications	241,326	241,326
Star Transfer Limited – vehicles	3,968,310	3,962,246
– other	916,320	5,050,905
The Owen Sound Transportation Company, Limited – vessel	9,665,356	9,665,356
– other	228,992	211,245
Gross investment in property	220,316,987	216,141,238
Less accumulated depreciation	77,987,448	73,263,974
Net investment in property	142,329,539	142,877,264
Under construction	2,823,004	4,420,438
	145,152,543	147,297,702

Schedule 2

Schedule of Provincial Government Reimbursement for the year ended December 31, 1983

	1983 $	1982 $
From Province of Ontario		
Cochrane – Moosonee branch line	6,884,169	6,953,179
Main line passenger train	5,866,118	5,463,807
Northlander	4,105,684	3,949,753
Remote North power and communications	270,425	261,979
Air services – norOntair	2,929,606	2,765,216
Moosonee ferry	68,882	60,100
	20,124,884	19,454,034
The Owen Sound Transportation Company, Limited profit	(82,757)	(54,409)
Total Provincial Government reimbursement (note 8)	20,042,127	19,399,625

See accompanying schedules and notes to financial statements.

Schedule 3

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Schedule of Commercial Operations for the year ended December 31, 1983

	1983 $	1982 $
Rail Freight Services		
Revenue	41,996,274	40,337,538
Expenditures	35,991,332	37,486,077
Income from operations	6,004,942	2,851,461
Express Services		
Revenue	1,136,156	1,226,250
Expenditures	1,340,459	1,550,175
Loss from operations	(204,303)	(323,925)
Telecommunications		
Revenue	30,918,454	28,656,679
Expenditures	21,164,621	19,341,213
Income from operations	9,753,833	9,315,466
Bus Services		
Revenue	3,736,521	3,646,085
Expenditures	3,895,266	3,376,023
Income (loss) from operations	(158,745)	270,062
Transport Services		
Revenue	6,745,742	7,432,685
Expenditures	7,051,389	8,286,632
Loss from operations	(305,647)	(853,947)
Marine Services (North Bay)		
Revenue	253,255	254,871
Expenditures	382,097	352,738
Loss from operations	(128,842)	(97,867)
Tourist Facilities (Hannah Bay)		
Revenue	102,464	95,616
Expenditures	88,743	81,116
Income from operations	13,721	14,500
Total Commercial Operations		
Operating Revenues	84,888,866	81,649,724
Operating Expenditures	69,913,907	70,473,974
Income from operations	14,974,959	11,175,750

See accompanying schedules and notes to financial statements.

Schedule 4

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Schedule of Non-commercial Operations for the year ended December 31, 1983

	1983 $	1982 $
Rail Passenger Services		
Revenue	5,713,259	5,316,868
Expenditures	20,755,231	20,085,178
Loss from operations	(15,041,972)	(14,768,310)
Government Reimbursement	16,855,971	16,366,739
Net Gain from operations	1,813,999	1,598,429
Air Services (norOntair)		
Revenue	4,016,416	4,631,080
Expenditures	6,946,022	7,396,296
Loss from operations	(2,929,606)	(2,765,216)
Government Reimbursement	2,929,606	2,765,216
	—	—
Marine Services (Owen Sound)		
Revenue	3,671,695	3,711,777
Expenditures	3,588,938	3,657,368
Income from operations	82,757	54,409
(Returned to) Province of Ontario	(82,757)	(54,409)
	—	—
Marine Services (Moosonee)		
Revenue	55,726	50,841
Expenditures	124,608	110,941
Loss from operations	(68,882)	(60,100)
Government Reimbursement	68,882	60,100
	—	—
Remote North Communications		
Revenue	134,573	59,655
Expenditures	345,426	288,654
Loss from operations	(210,853)	(228,999)
Government Reimbursement	210,853	228,999
	—	—
Remote North Power		
Revenue	152,008	146,030
Expenditures	211,580	179,010
Loss from operations	(59,572)	(32,980)
Government Reimbursement	59,572	32,980
	—	—
Total Non-Commercial Operations		
Operating Revenues	13,743,677	13,916,251
Operating Expenditures	31,971,805	31,717,447
Loss from operations	(18,228,128)	(17,801,196)
Government Reimbursement	20,042,127	19,399,625
Net Gain from operations	1,813,999	1,598,429

See accompanying schedules and notes to financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Notes to Consolidated Financial Statements
December 31, 1983

1. Significant Accounting Policies

(a) Basis of accounting

These consolidated financial statements are prepared in accordance with generally accepted accounting principles. They include the accounts of the Commission and its wholly owned subsidiaries, Star Transfer Limited and the Owen Sound Transportation Company, Limited.

(b) Materials and supplies

With the exception of used rail, all materials and supplies are shown at cost. Used rail is shown at estimated utility value.

(c) Investment in property and depreciation

Fixed assets are stated at acquisition cost.

Depreciation is calculated on a straight-line basis over the estimated service lives of the assets with the exception of highway equipment which is depreciated at thirty per cent per annum on the diminishing balance basis. Depreciation generally is based on asset balances at the beginning of the year.

The rates used for railway properties are as authorized by the Canadian Transport Commission.

The estimated service lives used for principal categories of assets are as follows:

Road – main line and branches	20 to 200 years
Railway diesel locomotives	25 years
Railway cars	33 years
Vessel	33 years
Telecommunications equipment	15 years
Aircraft	10 years
Barges	20 years

The Province of Ontario reimburses the Commission for the costs of certain fixed assets purchased for the use in operations designated as non-commercial by the Province. The Commission records these assets at their original cost together with an offsetting credit to Contributed Surplus. Annual depreciation on these fixed assets is recorded as a reduction to Contributed Surplus.

(d) Income taxes

As Crown Corporations of the Province of Ontario, the Commission and its wholly-owned subsidiaries are exempt from income taxes and accordingly no provision is reflected in operations.

2. Contingent Liabilities

The Commission records and pays for the cost of injuries to its employees on a cash basis as accounts are received from the Workers' Compensation Board of Ontario. A deposit of $50,000 is held by the Workers' Compensation Board of Ontario for this purpose. No provision has been made in the accounts for current or future liabilities.

The wholly-owned subsidiary, Star Transfer Limited, is the defendant in a lawsuit for alleged breach of contract. The amount claimed totals approximately $1,300,000. Management is not able to determine the amount of loss, if any, and no provision has been made in the accounts for any possible loss.

3. Self-Insurance

The Commission follows the policy of self-insuring for damages from rolling stock derailments and cargo damage. Annual contributions to the Self-Insurance Fund consist of a $100,000 premium paid by the Commission in addition to investment income earned on fund assets.

4. Long Term Debt

The Treasurer of Ontario holds a 25 year, 9.325 per cent note for $37,500,000. Terms of the note require interest to be paid semi-annually with annual principal repayments to commence January 5, 1985 at 5.25 per cent of the original principal amount of the note and a final payment of 5.5 percent in 2003.

During the year the Commission repaid $15,000,000 of this note at the request of the Government of Ontario.

Negotiations are presently underway between the Commission and the Government of Ontario to revise the original repayment terms of this note.

5. Capital Lease

The Commission's subsidiary, Star Transfer Limited, acquired 50 trailers costing $1,113,138 under a twelve month renewable capital lease agreement effective January 1, 1978 and extending to January 31, 1985. Henceforth, during

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Notes to Consolidated Financial Statements – Concluded
December 31, 1983

the term of the lease the Company may purchase the assets at any time or may, with 90 days prior notice, terminate the lease at any renewal date.

The purchase price of the trailers at any time is their depreciated value as provided in the lease agreement, plus 3 per cent thereon.

Interest on the obligation under capital lease is calculated at the approximate rate of 11.25 per cent per annum on the outstanding balance.

6. Related Party Transaction

During the year, the Commission sold to the Ontario Northland Transportation Commission Contributory Pension Fund, a Fund administered by the Commission on behalf of its employees, bond investments for total proceeds of $3,199,000. This transaction took place at market value and resulted in a gain on sale to the Commission of $555,000. There were no amounts due or payable on this transaction at year end.

7. Contributory Pension Fund

Based on the December 31, 1982 actuarial review, the unfunded liability of the Commission and its wholly-owned subsidiaries under the Commission's Contributory Pension Fund totals $33,83?,143. Of this amount $19,443,107 represents the initial unfunded liability as of January 1, 1965; the balance of $14,394,036 represents the unfunded liability revealed subsequent to that date.

The Commission and its subsidiaries are making payments of interest and principal into the Fund in accordance with the Regulations under the Pension Benefits Act. These payments, amounting to $3,345,117 per year, have the effect of:

- preventing an increase in the initial unfunded liability (annual payment – $1,361,017);
- liquidating the balance of the unfunded liability over a period ending December 31, 1997 (annual payment – $1,984,100).

8. Provincial Government Reimbursements

In accordance with the Memorandum of Understanding between the Commission and the Ministry of Northern Affairs, certain operations of the Commission have been designated as non-commercial and receive annual operating subsidies, the details of which appear on Schedule 2.

The subsidy amount for the non-commercial rail operations, which consist of the Cochrane-Moosonee branch line and main line passenger train services, allows the Commission to earn an annual rate of return, which is the lower of 9.325% and the actual rate of return earned on the total of the Commission's commercial operations for the same year. For all other non-commercial operations shown on Schedule 2, the subsidies equal the operating losses for the year.

9. Star Transfer Limited

In previous years it was reported that the Ministry of Northern Affairs had approved the disposal of the company and that the Board of Directors was negotiating with interested parties for a possible sale. However, on January 25, 1984 the Cabinet of Ontario approved in principle the integration of the company's operations with those of the Ontario Northland Transportation Commission's Rail and Express services. The Minister of Northern Affairs was requested to review with Management Board of the Cabinet the timing and business plan required to implement such integration.

Subsequently, the company has negotiated an agreement with another trucking company, Kingsway Transport Limited, to interline all freight traffic south of North Bay, subject to the approval of the Ontario Highway Transport Board. The agreement is expected to take effect on May 7, 1984 and commencing that day the company's services would be restriced to those communities situated north of North Bay.

This action follows the sale of the company's Toronto terminal in December 1983.

10. Comparative Figures

Prior year figures have been reclassified where necessary to conform to the current year's presentation.

ONTARIO PLACE CORPORATION

(Incorporated without share capital under the Ontario Place Corporation Act)

Balance Sheet as at March 31, 1984

Assets	1984 $	1983 $
Current Assets		
Cash and short term deposits	1,132,743	671,745
Accounts receivable	148,755	203,361
Due from BILD (note 3)	240,100	6,954
Due from the Ministry of Tourism and Recreation (note 4)	600,000	–
Due from the Ministry of Northern Affairs (note 5)	34,851	–
Inventory (note 1b)	184,764	248,725
Prepaid charges	290	7,954
	2,341,503	1,138,739
Fixed assets (note 1a and 2)	1	1
	2,341,504	1,138,740

Liabilities and Retained Income

Current liabilities		
Accounts payable and accrued liabilities	1,280,595	682,900
Accrued realty taxes	193,669	157,730
Deferred income (note 10)	55,223	52,067
	1,529,487	892,697
Retained income	812,017	246,043
	2,341,504	1,138,740

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

To Ontario Place Corporation and
to the Minister of Tourism and Recreation.

I have examined the balance sheet of Ontario Place Corporation as at March 31, 1984 and the statements of operations and retained income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations for the year then ended in accordance with the basis of accounting described in note 1a to financial statements applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and to the Minister.

D. F. Archer, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
July 18, 1984.

ONTARIO PLACE CORPORATION

Statement of Operations and Retained Income for the year ended March 31, 1984

	1984 $	1983 $
Operating income		
Fees – admissions	4,620,852	5,093,841
– revenue attractions	994,652	999,261
– parking	1,033,153	999,810
Concessions (note 6)	1,099,636	1,060,331
Gross profit – boutiques (note 7)	224,819	239,997
– food services (note 8)	372,629	160,127
– Winter Program (note 9)	258,372	205,933
Marina	308,255	289,868
Corporate sponsorship	272,876	94,011
Film rentals and videotaping fees	149,262	84,249
Interest income	71,619	90,264
Other	121,261	75,448
	9,527,386	9,393,140
Administrative and operating expenditures		
Salaries, wages and employee benefits	4,621,584	4,722,140
Programming and entertainment	2,052,441	2,013,167
Site maintenance and miscellaneous services	1,025,235	1,123,628
Advertising	997,736	1,048,814
Realty taxes	744,185	615,409
Supplies	511,560	536,171
Utilities	465,397	402,795
General and office	430,655	543,902
Security services	253,304	310,417
Films and photography	15,424	113,689
Directors' fees	10,920	10,910
	11,128,441	11,441,042
Net operating loss before grant	1,601,055	2,047,902
Province of Ontario operating grant	2,112,000	2,101,000
Net operating income	510,945	53,098
Province of Ontario capital grant (note 4)	2,949,000	1,469,000
Less capital expenditures	2,893,971	1,367,873
	55,029	101,127
Net income	565,974	154,225
Retained income, beginning of year	246,043	91,818
Retained income, end of year	812,017	246,043

See accompanying notes to financial statements.

ONTARIO PLACE CORPORATION

Notes to Financial Statements
March 31, 1984

1. Significant Accounting Policies

(a) The financial statements have been prepared in accordance with generally accepted accounting principles except that the Corporation charges all additions to fixed assets as expenditures in the year of acquisition and reflects fixed assets on the balance sheet at a nominal value.

(b) Inventory is valued on a first in first out basis at the lower of cost or net realizable value.

2. Fixed Assets

The total accumulated costs of fixed assets acquired since inception, less disposals to March 31, are as follows:

	1984	1983
	$	$
Improvements to land	4,387,246	3,541,401
Buildings	7,839,384	7,156,260
Furniture and equipment	3,692,861	3,374,889
IMAX films	1,469,442	—
	17,388,933	14,072,550

During the year the Corporation produced an IMAX motion picture film entitled "Journey of Discovery". The film which cost $1,469,422 will be shown at Cinesphere over forthcoming years and has been treated as a capital expenditure. There have been no other films acquired since 1979 and in the past the cost of such films was significantly lower than this film. Accordingly, such costs were treated as operating expenditures.

Additionally, the original capital cost of facilities provided by the Province of Ontario, less disposals, amounted to approximately $28.9 million as at March 31, 1984.

3. Due from BILD

(a) Future Pod

During the year the Board of Industial Leadership and Development (BILD) allocated $500,000 to provide 1983 capital and operating funds for "Future Pod", a high technology display at Ontario Place.

As at March 31, 1984 the Corporation had expended $499,721 of which $378,003 was for operating costs of Future Pod and $121,718 was expended on Future Pod capital expenditures which is included in fixed assets. Future Pod expenditures and related BILD grants are not included in the Statement of Operations. At March 31, 1984, the Corporation had received $448,570 from BILD leaving a balance to be recovered of $51,151.

(b) Shoreline Protection

During the year, BILD agreed to provide $569,000 for a construction project to protect the eastern shoreline of Ontario Place from erosion.

The project was completed during the year at a total cost of $476,268 which is included in fixed assets. These expenditures and related BILD grants are not included in the Statement of Operations. As at March 31, 1984 the Corporation had received $327,638 from BILD leaving a balance to be recovered of $148,630.

(c) Canada Ontario Employment Development Program (COED)

The COED program is a federal/provincial program designed to create employment for unemployed persons who have exhausted their unemployment insurance benefits or are on social assistance.

Funding under this program is split evenly between the two levels of government with the provincial portion funded through BILD, to cover wages and benefits only. These costs and the related grant are not included in the Statement of Operations. At March 31, 1984, the Corporation had incurred eligible expenditures of $289,396. Total payments received from BILD totalled $249,077, leaving a balance to be recovered of $40,319.

4. Due from the Ministry of Tourism and Recreation

The current year's capital grant includes $1,500,000 (1982-83 $100,000) from Lottario proceeds for the production of an IMAX motion picture film. The Corporation had received $900,000 in the current year leaving a balance of $600,000 receivable.

5. Due from the Ministry of Northern Affairs

This represents the amount receivable from the Ministry of Northern Affairs for renovations done by the Corporation on Ontario North Now buildings.

ONTARIO PLACE CORPORATION

Notes to Financial Statements – Concluded
March 31, 1984

6. CONCESSIONS

Concession revenue includes rents from concessionaires and the net operating profit of the Trillium Restaurant which is operated under a management agreement.

7. GROSS PROFIT ON BOUTIQUE SALES

The operations are summarized as follows:

	1984	1983
	$	$
Sales	596,136	647,543
Merchandise Cost of Sales	371,317	407,546
Gross Profit	224,819	239,997

8. GROSS PROFIT ON FOOD SERVICES

The operations are summarized as follows:

	1984	1983
	$	$
Sales	545,822	242,595
Merchandise Cost of Sales	173,193	82,468
Gross Profit	372,629	160,127

9. GROSS PROFIT ON WINTER PROGRAM

The operations are summarized as follows:

	1984	1983
	$	$
Sales	495,621	389,584
Film Rentals, Snack Bar and Boutique Cost of Sales	237,249	183,651
	258,372	205,933

10. DEFERRED INCOME

Deferred income results primarily from the prepayment of IMAX film rental fees and Marina slip rentals.

THE ONTARIO UNIVERSITIES CAPITAL AID CORPORATION

Incorporated without share capital under the Ontario Universities Capital Aid Corporation Act

Balance Sheet as at March 31, 1984

ASSETS	1984	1983
	$	$
Accrued interest on investments	33,204,696	34,208,224
Long term investments, at cost (Schedule)	1,047,881,389	1,081,736,371
	1,081,086,085	1,115,944,595
LIABILITIES		
Accrued interest payable on advances	33,204,696	34,208,224
Advances from the Treasurer of Ontario	1,047,881,389	1,081,736,371
	1,081,086,085	1,115,944,595

See accompanying schedule and notes to financial statements.

Approved on behalf of the Corporation:

Member

Member

To The Ontario Universities Capital Aid Corporation
and to the Treasurer of Ontario.

I have examined the balance sheet of The Ontario Universities Capital Aid Corporation as at March 31, 1984 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and, in accordance with section 13 of the Ontario Universities Capital Aid Corporation Act, to the Treasurer of Ontario.

Toronto, Ontario,
April 30, 1984.

D. F. Archer, F.C.A.,
Provincial Auditor.

THE ONTARIO UNIVERSITIES CAPITAL AID CORPORATION

Statement of Revenue and Expenditure for the year ended March 31, 1984

	1984	1983
	$	$
REVENUE		
Interest on investments	77,883,337	80,198,987
EXPENDITURE		
Interest on advances from the Treasurer of Ontario (note 1)	77,883,337	80,198,987

See accompanying schedule and notes to financial statements.

Long Term Investments in Debentures as at March 31, 1984

SCHEDULE

Analysis by Rate of Interest

Interest Rate	Principal 1984	Principal 1983
%	$	$
Under 7.00	293,142,010	307,372,023
7.00-8.99	647,147,795	665,248,404
9.00-10.99	107,591,584	109,115,944
	1,047,881,389	1,081,736,371

Analysis by Years of Maturity

Years Ending March 31	Principal 1984	Principal 1983
	$	$
1984	–	33,854,981
1985	36,115,354	36,115,354
1986	37,993,520	37,993,520
1987	40,603,114	40,603,114
1988	43,426,641	43,426,641
1989	46,448,524	–
1- 5 years	204,587,153	191,993,610
6-10 years	285,462,051	266,865,350
11-15 years	344,550,258	343,792,808
16-20 years	185,049,515	234,919,158
21-25 years	28,232,412	44,165,445
	1,047,881,389	1,081,736,371

Analysis by Issuing Institutions

	Principal 1984	Principal 1983
	$	$
Ontario Universities	753,167,457	779,021,355
Ontario Colleges	274,755,565	281,593,963
Related Institutions	14,109,367	14,361,053
Municipalities for Public Library purposes	5,849,000	6,760,000
	1,047,881,389	1,081,736,371

THE ONTARIO UNIVERSITIES CAPITAL AID CORPORATION

Notes to Financial Statements
March 31, 1984

1. Interest on Advances

Pursuant to Order in Council 947/76, interest payable by the Corporation on advances from the Treasurer of Ontario is an amount equal to the net interest revenue for the fiscal year.

2. Administration Expense

The cost of administration has been paid by the Province of Ontario.

3. Long Term Investments

The Corporation has not purchased any new debentures since April 1, 1978. Existing debentures are scheduled to be fully retired by the year 2008.

ONTARIO WASTE MANAGEMENT CORPORATION

Statement of Financial Position as at March 31, 1984

ASSETS

	1984 $000s	1983 (note 6) $000s
Current		
Cash	134	262
Short term deposits		100
Due from Province of Ontario	1,007	500
Accounts receivable and prepaid expenses (note 3)	37	14
	1,178	876
Loan to employee (note 3)	35	39
Fixed Assets (note 4)	351	291
	1,564	1,206

LIABILITIES AND RETAINED REVENUE

Current		
Accounts payable and accrued liabilites	1,297	905
Retained Revenue	267	301
	1,564	1,206

See accompanying notes to financial statements.

On behalf of the Corporation:

Director

Director

To the Ontario Waste Management Corporation
and to the Minister of the Environment.

I have examined the statement of financial position of the Ontario Waste Mangement Corporation as at March 31, 1984 and the statements of revenue and expenditure and retained revenue and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations and changes in financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and to the Minister of the Environment, in accordance with section 19 of The Ontario Waste Management Corporation Act, 1981.

Toronto, Ontario,
May 18, 1984.

D. F. Archer, F.C.A.,
Provincial Auditor.

ONTARIO WASTE MANAGEMENT CORPORATION

Statement of Revenue and Expenditure and Retained Revenue for the year ended March 31, 1984

	1984 $000s	1983 (note 6) $000s
Revenue		
Province of Ontario transfer payments	7,157	4,900
Interest	20	18
	7,177	4,918
Expenditure		
Salaries and benefits	1,354	698
Technical and engineering consulting services	4,096	2,524
Occupancy	445	223
Publications, audio/visual aids and public notices	438	288
Management consulting services	121	300
Office supplies and services	194	135
Travel	116	65
Legal fees	112	65
Staff recruitment, relocation and training	104	65
Depreciation	81	38
Communication consulting services	67	270
Workshops and seminars	43	42
Directors' fees and expenses	40	115
	7,211	4,828
Excess (deficiency) of revenue over expenditure	(34)	90
Retained Revenue, beginning of year	301	211
Retained Revenue, end of year	267	301

Statement of Changes in Financial Position for the year ended March 31, 1984

	1984 $000s	1983 (note 6) $000s
Working Capital Derived From		
Excess (deficiency) of revenue over expenditure	(34)	90
Add items not requiring an outlay of working capital:		
Depreciation	81	38
Forgiven portion of employee loan		1
	47	129
Repayment of employee loan	4	5
	51	134
Working Capital Applied To		
Fixed asset additions	141	306
Decrease in working capital	(90)	(172)
Working capital (deficiency) at beginning of year	(29)	143
Working capital (deficiency) at end of year	(119)	(29)

See accompanying notes to financial statements.

ONTARIO WASTE MANAGEMENT CORPORATION

Notes to Financial Statements
March 31, 1984

1. General

The Ontario Waste Management Corp. was incorporated under the Business Corporations Act on January 2, 1981. The Corp. was active up to July 3,1981 at which time all activities and programs of the Corp. were assumed by a new entity, the Ontario Waste Management Corporation established without share capital under the Ontario Waste Management Corporation Act, 1981.

The assets and liabilities of the Ontario Waste Management Corp. became the assets and liabilities of the Ontario Waste Management Corporation on September 30, 1983 as proclaimed by the Lieutenant Governor in Council. The formal dissolution of the Ontario Waste Management Corp. is proceeding with the preparation and filing of Articles of Dissolution.

2. Significant Accounting Policy

Depreciation for furniture and equipment is computed on the declining balance basis at rates designed to amortize the cost of these assets over their estimated useful lives. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

3. Related Party Transaction

In October, 1981, an interest free housing loan of $50,000 was made to an employee of the Corporation. The balance outstanding as at March 31, 1984 was $40,000. The current repayment amount of $5,000 has been included in accounts receivable.

4. Fixed Assets

	Cost $000s	1984 Accumulated Depreciation $000s	Net Book Value $000s	1983 Net Book Value $000s	Depreciation Rate
Furniture	175	43	132	95	20%
Equipment	191	51	140	112	20%-30%
Leasehold Improvements	108	29	79	84	Term of Lease
	474	123	351	291	

5. Commitment

The Corporation entered into an agreement effective October 1982 to lease office space for 5 years at a rate of $359,600 per annum.

6. Comparative Figures

Given the transfer of the assets and liabilities of the Ontario Waste Management Corp. as discussed in note 1, prior year's comparative figures have been restated to include the combined accounts of the Corporation and the Corp. In addition, certain comparative figures have been reclassified where necessary to conform with 1984 presentation.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Balance Sheet as at March 31, 1984

ASSETS	1984	1983
ESTATES AND TRUSTS		
Cash in bank	$ 187,930	$ 382,513
Receivable from Administration Fund Account	102,198	—
Funds invested (schedule A)	105,065,016	90,015,016
Bonds	113,915,768	104,001,273
Stocks	9,320,650	6,059,134
Mortgages receivable	2,968,881	4,150,829
Real estate	30,455,960	29,907,991
Life insurance	2,131,004	1,613,094
Miscellaneous	3,776,133	3,438,205
	267,923,540	239,568,055
Deduct mortgages payable	935,102	938,814
	266,988,438	238,629,241
ADMINISTRATION FUND ACCOUNT (note 3)		
Cash in bank	111,328	347,317
Funds invested (schedule A)	17,591,883	24,691,883
	17,703,211	25,039,200
	$284,691,649	$263,668,441

LIABILITIES		
ESTATES AND TRUSTS		
Patients' estates	$197,322,610	$176,259,021
Crown estates	24,389,091	20,288,947
Deceased persons' estates	7,129,875	5,518,902
Probable escheats	8,278,648	8,069,105
Special trusts and charities	17,382,866	16,582,061
Corporate estates	5,023,099	5,121,762
Crown companies	706,817	615,737
Indian trusts	164,496	175,841
Unclaimed balances	708,931	609,479
Cemetery trusts	5,829,400	5,325,802
Child welfare trusts	52,605	62,584
	266,988,438	238,629,241
ADMINISTRATION FUND ACCOUNT (note 3)		
Current liabilities	584,760	446,354
Payable to Estates and Trusts	102,198	—
Assurance Fund (note 4)	93,633	200,000
Surplus	16,922,620	24,392,846
	17,703,211	25,039,200
	$284,691,649	$263,668,441

See accompanying schedules and notes to financial statements.

On behalf of the Public Trustee:

Public Trustee

Deputy Public Trustee

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Statement of Revenue and Expenditures
Year ended March 31, 1984

	1984	1983
Revenue		
Fees collected		
Patients' estates	$ 4,156,806	$ 4,091,166
Crown estates	680,466	563,880
Deceased persons' estates	136,077	114,733
Probable escheats	104,904	76,044
Crown companies	24,774	13,262
Special trusts	279,595	222,474
Corporate estates	13,600	34,383
Cemetery trusts	31,979	27,877
Charities	72,754	52,402
	5,498,955	5,196,221
Bank interest	8,406	17,057
Income from funds invested, net (schedule B)	4,878,530	4,969,024
	10,385,891	10,182,302
Expenditures		
Salaries and wages	3,741,635	3,574,171
Employee benefits	536,337	500,598
Transportation and communication	179,960	139,876
Services	661,597	665,457
Supplies and equipment	286,588	137,421
	5,406,117	5,017,523
EXCESS OF REVENUE OVER EXPENDITURES	$ 4,979,774	$ 5,164,779

Statement of Surplus
Year ended March 31, 1984

	1984	1983
BALANCE AT BEGINNING OF YEAR	$24,392,846	$19,228,067
Excess of revenue over expenditures	4,979,774	5,164,779
	29,372,620	24,392,846
Transfer of Province of Ontario bonds to the Consolidated Revenue Fund (note 3)	12,450,000	—
BALANCE AT END OF YEAR	$16,922,620	$24,392,846

See accompanying schedules and notes to financial statements.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Details of Funds Invested
As at March 31, 1984

SCHEDULE A

	1984	1983
Bank term deposits	$ 44,910,251	$ 23,711,067
Bonds (schedule C)	75,225,973	88,650,940
Accrued interest	2,434,473	2,258,517
Cash in bank	86,202	86,375
	$122,656,899	$114,706,899
Allocated as follows:		
Estates and Trusts	$105,065,016	$ 90,015,016
Administration Fund account (note 3)	17,591,883	24,691,883
	$122,656,899	$114,706,899

Income from Funds Invested
Year ended March 31, 1984

SCHEDULE B

	1984	1983
Interest earned on investments	$ 10,583,918	$ 10,001,612
Interest earned on bank accounts	163,640	235,319
Gain on transfer of bonds to the Consolidated Revenue Fund (note 3)	11,279	—
	10,758,837	10,236,931
Deduct interest allowed	5,880,307	5,267,907
Income from funds invested, net	$ 4,878,530	$ 4,969,024

Details of Bonds
As at March 31, 1984

SCHEDULE C

	Par value	Amortized cost
Ontario Hydro	$ 75,687,000	$ 75,225,973

See accompanying notes to financial statements.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Notes to Financial Statements
Year ended March 31, 1984

1. Summary of Accounting Policies

(a) Basis of accounting

Fees collected and bank interest are recorded on a cash basis of accounting which, for expenditures, is modified to allow an additional thirty days to pay for goods and services pertaining to the fiscal year just ended. In this regard, payments to employees for the pay period which overlaps the fiscal year end date are apportioned between the two years. Net income from funds invested is recorded on an accrual basis.

(b) Funds invested

Funds are invested in income producing securities which are normally held until their maturity. Such securities are traded only if any resultant loss on sale can be recovered through investment in replacement securities prior to the maturity date of the securities being traded. Accordingly, the securities are recorded at cost adjusted for the amortization of premiums or discounts on purchase.

(c) Stocks and bonds of Estates and Trusts

Stocks and bonds for all Estates and Trusts, except Cemetery Trusts, are recorded at the value of the stocks and bonds at the time of taking over of the Estates and Trusts. This valuation is determined by the Public Trustee's security department. The bonds of Cemetery Trusts are valued at par.

(d) Real estate

Real estate is recorded at appraised value at time of incorporation of the trust and is subject to periodic subsequent adjustments.

(e) Life Insurance

Life insurance is recorded at its cash surrender value at the time of taking over of the Estates and Trusts.

(f) Pensions

Pensions are recorded as received (see note 2).

(g) Fixed assets

Fixed assets are recorded as expenditures when purchased.

2. Change in Accounting Policy

During the year, the Public Trustee changed its accounting policy for pensions receivable by Estates and Trusts. The pensions are no longer recorded as assets at their estimated annual amount receivable. No amounts are reflected in the accounts until receipt of the pension funds.
This change has been applied retroactively to March 31, 1983 resulting in a reduction of both Estates and Trusts assets and Patients' Estates liabilities in the amount of $39,420,398 at that date.

3. Administration Fund Account

The Administration Fund is the operating account of the Public Trustee. It is used to accumulate fees charged each estate for services, as prescribed by the regulations under the Public Trustee Act.
Cash balances in the Administration Fund which are not required for operating purposes are invested along with the cash funds of estate and trust accounts. The Administration Fund receives the net interest income of these investment activities, after interest is allowed on the Estate and Trust Funds in accordance with regulations under the Act.
All operating expenses of the office of the Public Trustee are paid from the Administration Fund.
The Lieutenant Governor in Council may from time to time direct the payment into the Province's Consolidated Revenue Fund of any balance at the credit of the Administration Fund. The most recent such direction was made by Order in Council dated October 21, 1983 whereunder Province of Ontario bonds were transfered at their par value of $12,450,000 out of the funds invested by the Administration Fund into the Consolidated Revenue Fund of the Province.

4. Assurance Fund

The regulations under the Act provide that an Assurance Fund be established to meet losses for which the office of the Public Trustee might become liable. At the direction of the Advisory Committee, transfers from the Administration Fund in the amounts of $25,000 and $175,000 were made in September 1942 and March 1957, respectively. A resolution of the Advisory Committee on September 25, 1974 recommended the continuance of this Fund in the amount of $200,000.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Notes to Financial Statements – (Concluded)
Year ended March 31, 1984

During the year, the Public Trustee realized the following losses in the Assurance Fund:

(i) Out-of-court settlement, net of recoveries of $45,137, related to an error in the distribution of an estate	$102,198
(ii) Out-of-court settlement related to a failure to file insurance claim documents within prescribed time period	4,150
(iii) Miscellaneous payment	19
	$106,367

No direction has yet been made to transfer funds from the Administration Fund to re-establish the balance of the Assurance Fund at $200,000.

To the Public Trustee of the Province of Ontario and
to the Attorney General

I have examined the balance sheet of the Public Trustee of the Province of Ontario as at March 31, 1984 and the statements of revenue and expenditures and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Public Trustee of the Province of Ontario as at March 31, 1984 and the results of operations for the year then ended in accordance with the accounting policies described in note 1 to the financial statements. Further, in my opinion, such policies have been applied, after giving retroactive effect to the change in method of accounting for pensions as described in note 2, on a basis consistent with that of the preceding year.

A report on the audit has been made to the Public Trustee and to the Attorney General.

D. F. Archer

Toronto, Ontario,
June 29, 1984.

D. F. Archer, F.C.A.
Provincial Auditor.

TEACHERS' SUPERANNUATION FUND

Statement of Assets and Liabilities
Year Ended December 31, 1983
(Expressed in Thousands)

ASSETS

	1983 $	1982 $
Cash	592	876
Receivable from the Province of Ontario		
Contributions by the Province	173,286	153,017
Interest on contributions	17,015	15,025
Recovery of pension costs		
Minimum pension subsidy	1,203	1,307
Pension escalations under the Superannuation Adjustment Benefits Act Section 11(2)	5,298	4,581
Short term notes, at cost plus accrued interest of $348 ($602 in 1982)	54,747	84,602
Province of Ontario debentures, at cost plus accrued interest of $210,986 ($157,127 in 1982)	6,245,086	5,344,227
Due from Superannuation Adjustment Fund	301	
	6,497,528	5,603,635

LIABILITIES

Accounts payable and accrued liabilities	2,683	2,037
Payable to school boards, net	372	314
Payable to Province of Ontario, overpayment of minimum pension subsidy and interest thereon	5,379	
Due to Superannuation Adjustment Fund		903
	8,434	3,254

CAPITAL FUND

Balance at beginning of year	5,600,381	4,776,157
Add excess of revenue over expenditure	888,713	824,224
Balance at end of year	6,489,094	5,600,381
	6,497,528	5,603,635

Approved by

Chairman

Director

See accompanying notes to financial statements.

TEACHERS' SUPER

Statement of Revenue
Year ended
(Expressed in

REVENUE	1983 $	1982 $
Contributions from participants		
Teaching for Ontario boards	190,088	172,346
Teaching in designated private schools	3,375	3,108
Outside services	176	162
Miscellaneous	8,063	7,164
	201,702	182,780
Contributions from the Province of Ontario per section 26 of the Teachers' Superannuation Act, including interest of $17,015 ($15,025 in 1982)	190,302	168,042
Special payments from the Province of Ontario		
Interest on 1966 actuarial unfunded liability	22,980	22,980
Additional annual payment in respect of post 1966 actuarial unfunded liability and interest thereon	16,118	96,847
	39,098	119,827
Interest earned		
Province of Ontario debentures	619,698	481,140
Short term notes	4,589	21,852
Repayments of refunds and sundry interest	2,633	1,697
	626,920	504,689
Less interest charges	3,384	
	623,536	504,689
Transfers from other pension funds	3,035	2,375
Repayments of refunds by former participants resuming teaching	1,291	635
	1,058,964	978,348

ANNUATION FUND

and Expenditure
December 31, 1983
Thousands)

EXPENDITURE	1983 $	1982 $
Pensions paid		
Service	226,140	200,438
Disability	11,369	10,232
Dependents	15,899	13,666
Joint annuities	77	70
	253,485	224,406
Less:		
Recovery of pension costs from the Province of Ontario		
Minimum pension subsidy	15,158	15,987
Pension escalations under the Superannuation Adjustment Benefits Act Section 11(2)	64,429	55,770
	79,587	71,757
Recovery of pension escalations from Superannuation Adjustment Fund	22,723	15,750
	102,310	87,507
Net pensions paid	151,175	136,899
Refund of overpayment of minimum pension subsidy and interest thereon	5,379	
Refunds of contributions and interest thereon		
To participants who have withdrawn	6,538	9,600
To representatives of deceased participants	752	1,019
	7,290	10,619
Transfers to other pension funds	2,333	2,896
Administration expenses	4,074	3,710
TOTAL EXPENDITURE	170,251	154,124
EXCESS OF REVENUE OVER EXPENDITURE ADDED TO CAPITAL	888,713	824,224
	1,058,964	978,348

See accompanying notes to financial statements.

TEACHERS' SUPERANNUATION FUND

Statement of Province of Ontario Debentures
December 31, 1983
(Expressed in Thousands)

INVESTMENTS	1983	1982
	$	$
Investments consist of the following:		
Province of Ontario debentures at cost:		
6% due November 1, 1987	176,000	176,000
6% due November 1, 1992	454,500	454,500
8.57% due May 1, 1996	18,000	18,000
8.57% due November 1, 1996	74,000	74,000
8.57% due January 1, 1997	18,000	18,000
8.57% due March 30, 1997	62,000	62,000
7.86% due May 1, 1997	25,500	25,500
7.86% due November 1, 1997	84,500	84,500
7.86% due January 1, 1998	9,500	9,500
8.06% due April 2, 1993	50,000	50,000
8.06% due May 1, 1993	32,000	32,000
8.06% due October 1, 1993	5,000	5,000
8.06% due November 1, 1993	92,000	92,000
8.06% due January 1, 1994	16,000	16,000
8.39% due April 1, 1999	2,600	2,600
8.39% due May 1, 1999	46,000	46,000
8.39% due September 30,1999	40,000	40,000
8.39% due November 1, 1999	117,000	117,000
8.39% due January 1, 2000	80,500	80,500
10.04% due May 1, 1995	50,000	50,000
10.04% due November 1, 1995	119,500	119,500
10.04% due January 1, 1996	28,000	28,000
10.11% due May 1, 2001	59,000	59,000
10.11% due November 1, 2001	74,000	74,000
10.11% due January 1, 2002	132,000	132,000
10.11% due February 1, 2002	10,500	10,500
10.11% due March 1, 2002	17,500	17,500
10.11% due March 31, 2002	41,500	41,500
9.82% due May 1, 2002	62,000	62,000
9.82% due November 1, 2002	80,000	80,000
9.82% due January 1, 2003	338,000	338,000
9.82% due March 30, 2003	8,000	8,000
9.51% due May 1, 1998	69,000	69,000
9.51% due November 1, 1998	122,000	122,000
9.51% due January 1, 1999	298,000	298,000
9.83% due May 1, 1999	83,000	83,000
9.83% due November 1, 1999	136,000	136,000
9.83% due January 1, 2000	318,000	318,000
11.05% due May 1, 2000	93,000	93,000
11.05% due November 1, 2000	180,000	180,000
11.05% due January 1, 2001	296,000	296,000
13.34% due May 1, 2003	125,000	125,000
13.34% due November 1, 2003	190,000	190,000
13.34% due January 1, 2004	355,000	355,000
15.38% due May 1, 2007	128,000	
15.38% due November 1, 2007	371,000	
15.38% due January 1, 2008	416,000	
15.38% due March 30, 2008	30,000	
Deposits with the Province of Ontario to be used in purchasing Province of Ontario debentures at 12.88% (1982 – 15.38%)	401,000	499,000
	6,034,100	5,187,100
Accrued Interest	210,986	157,127
	6,245,086	5,344,227

TEACHERS' SUPERANNUATION FUND

Notes to Financial Statements

Year ended December 31, 1983

1. ACCOUNTING POLICIES

(a) Fixed assets

In accordance with the provisions of the Teachers' Superannuation Act, all expenditures on real property are reflected as administration expenses in the statement of revenue and expenditure in the period of acquisition as are all other purchases of fixed assets.

(b) Revenue

Contributions from participants are reflected in the year in which they are received. Contributions from the Province of Ontario are reflected in the year in which payment is due while special payments from this source are reflected in the year of receipt.

Interest earned on short term notes and Province of Ontario debentures is recorded on an accrual basis.

(c) Refunds of contributions and repayments of refunds

The liability of the Fund for refunds of contributions to participants who have left the profession and have not yet withdrawn their contributions is not specifically set up. Refunds are recorded as expenditures only when paid since the liability for refunds is considered an actuarial liability similar to that for annuities. In addition, repayments of refunds from participants who withdrew their contributions upon temporarily leaving the profession but who have since resumed teaching, are recorded as revenue when received. No asset has been set up for these amounts.

2. REVISIONS TO THE TEACHERS' SUPERANNUATION ACT

During 1983 the Ontario Legislature passed a bill to revise the Teachers' Superannuation Act. The revision provides that, effective September 1, 1984:

i) that pension benefits will be based on the average of teachers' salaries for the highest five years, rather than the highest seven years of employment in education.

ii) that pensions payable on or after September 1, 1984 to persons who ceased to be employed in education on or after May 31, 1982 and before September 1, 1984 shall be computed and paid in amounts equal to the amounts that would have been paid if the revisions to the Act had come into force on May 31, 1982.

3. UNFUNDED LIABILITY

The most recent triennial actuarial review of the Teachers' Superannuation Fund was made as at December 31, 1981. As of that date this review disclosed an unfunded liability of $433,000,000, which varied from the 1978 triennial review due to experience differences and changes in valuation methods and assumptions. Of the $433,000,000, $328,282,000 represents the initial unfunded liability as at December 31, 1966. The balance of $104,718,000 represents the additional unfunded liability which has arisen since December 31, 1966.

The Province of Ontario has been making special annual payments of interest and principal into the fund in accordance with the regulations under the Pension Benefits Act.

The special payments are designed to:

– prevent an increase in the initial unfunded liability

– liquidate the additional unfunded liability over a period ending December 31, 1990.

Future special payments will be required annually as follows:

$39,098,000 until December 31, 1990 and

$22,980,000 payable thereafter.

At the direction of the Minister of Education the Teachers' Superannuation Commission, which administers the Fund, has commenced the policy of updating the latest triennial actuarial valuation annually on a limited basis. The annual review at December 31,1982 is not yet available. However, in accordance with regulations under the Pension Benefits Act, the Province will not adjust its minimum annual payment until the completion of the next triennial valuation as at December 31, 1984.

The revisions to the Teachers' Superannuation Act described in note 2 will increase benefits paid in certain circumstances. The impact of these changes on the unfunded liability is not reflected in this note nor will it be known prior to the completion of an actuarial review.

SCHEDULE A

TEACHERS' SUPERANNUATION FUND

Administration Expenses
Year ended December 31, 1983
(Expressed in Thousands)

	1983	1982
	$	$
Staff salaries	2,479	2,275
Staff benefits	397	305
Commissioners' salaries	32	19
Travel expense	60	52
Actuarial services	101	89
Consulting services	14	5
Translation services	11	14
Medical fees	12	14
Audit fees	46	35
Legal fees	16	23
Other professional services		11
Postage	115	85
Printing and stationery	141	136
Outside data center services	296	269
Rental of data processing and office equipment	85	66
Office equipment and furniture	43	88
Repairs and maintenance:		
Building	42	50
Office	23	22
Utilities	82	87
Insurance	4	4
Bank charges	36	36
Sundry expenses	39	25
	4,074	3,710

TEACHERS' SUPERANNUATION FUND

Year ended December 31, 1983

To the Members of the Teachers' Superannuation Commission and
to the Minister of Education and Colleges and Universities
and to the Treasurer of Ontario.

I have examined the statements of assets and liabilities and Province of Ontario debentures of the Teachers' Superannuation Fund as at December 31, 1983 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1983 and the results of its operations for the year then ended in accordance with accounting policies set out in note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Commission, to the Minister and to the Treasurer of Ontario.

D. F. Archer

Toronto, Ontario
January 27, 1984.

D. F. Archer, F.C.A.,
Provincial Auditor.

TORONTO AREA TRANSIT OPERATING AUTHORITY

(Incorporated without share capital under the Toronto Area Transit Operating Authority Act, 1974)

Balance Sheet as at March 31, 1984
(In thousands of dollars)

	1984	1983
ASSETS		
Current		
Cash	$ 57	$ 59
Accounts receivable	1,529	5,330
Deposit with C.N.R.	9,000	8,340
Due from the Province of Ontario	8,346	10,065
Spare parts and supplies	3,639	3,213
Prepaid expenses	286	217
	22,857	27,224
Fixed		
Land	24,850	25,018
Buildings and equipment (Note 2)	173,161	114,921
Leasehold improvements, net of accumulated amortization of $181 (1983 – $123)	1,138	1,056
Improvements to railway right of way and railway plant, net of accumulated amortization of $19,378 (1983 – $14,110)	86,916	89,231
Construction in progress		
Toronto Transportation Terminal Project (Note 6)	18,226	15,196
Bi-level Commuter Cars	–	33,826
Other	3,588	496
	307,879	279,744
	$330,736	$306,968
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 20,122	$ 24,582
Unearned revenue in respect of tickets sold and not used	568	478
	20,690	25,060
EQUITY		
Province of Ontario	310,046	281,908
	$330,736	$306,968

On behalf of the Members:

L.H. . . . . Chairman

. . . . . Member

See accompanying notes to financial statements.

TORONTO AREA TRANSIT OPERATING AUTHORITY

Statement of Equity
for the year ended March 31, 1984
(In thousands of dollars)

	1984	1983
Equity at beginning of year as previously reported	$282,428	$236,610
Less prior period adjustment (Note 11)	520	520
As restated	281,908	236,090
Capital contribution from the Province of Ontario	42,178	53,175
B.I.L.D. contributions from the Province of Ontario	1,899	4,911
Other M.T.C. contributions from the Province of Ontario	33	111
	326,018	294,287
Amortization of capital contributions	(15,972)	(12,379)
Equity at end of year	$310,046	$281,908

Statement of Operations
for the year ended March 31, 1984
(In thousands of dollars)

	1984	1983
Revenue		
Commuter services	$ 43,843	$ 38,367
Sundry revenue (Note 4)	3,419	2,510
	47,262	40,877
Expenses (Note 5)		
Train and bus operations	67,669	62,422
Terminals and plant	26,375	25,460
General and administration	12,401	11,241
	106,445	99,123
Loss from operations	59,183	58,246
Operating subsidy from the Province of Ontario including amortization of capital contributions of $15,972 (1983 – $12,379)	59,183	58,246
Net income for the year	$ –	$ –

See accompanying notes to financial statements.

TORONTO AREA TRANSIT OPERATING AUTHORITY

Statement of Changes in Financial Position
for the year ended March 31, 1984
(In thousands of dollars)

	1984	1983
Source of funds		
Revenue	$ 47,262	$ 40,877
Province of Ontario		
Operating subsidy	43,211	45,867
Capital contribution	44,110	58,197
	134,583	144,941
Decrease in current assets other than cash	4,365	(10,973)
Proceeds on disposal of fixed assets	49	632
	138,997	134,600
Use of funds		
To operations		
Expenses	106,445	99,123
Less items not requiring an outlay of funds		
Depreciation and amortization	15,972	12,379
(Gain) loss on disposal of fixed assets	(17)	106
	90,490	86,638
Capital expenditures – net	44,139	58,579
Decrease in current liabilities	4,370	208
	138,999	145,425
	(2)	(10,825)
Opening cash balance	59	10,884
Ending cash balance	$ 57	$ 59

See accompanying notes to financial statements.

Notes to Financial Statements
for the year ended March 31, 1984
(In thousands of dollars)

1. Summary of Significant Accounting Policies

(a) General
These financial statements are prepared on the accrual basis using generally accepted accounting principles.

(b) Spare parts and supplies
Spare parts and supplies are valued at the lower of cost and replacement cost.

(c) Fixed assets
Fixed assets are valued at cost.

Cost in respect of assets acquired from the Ministry of Transportation and Communications on April 1, 1975, was determined as replacement cost as at that date, less depreciation calculated on the replacement values on a straight-line basis.

The Authority provides for the depreciation and amortization of the various classes of assets over their estimated useful lives on a straight line basis. Depreciation for locomotives and auxiliary power control units is calculated using a straight line rate applied to cost plus an estimation of future overhaul costs.

TORONTO AREA TRANSIT OPERATING AUTHORITY

Notes to Financial Statements – Continued
(In thousands of dollars)

Fixed asset categories and their corresponding depreciation and amortization rates are as follows:

Buildings and equipment	
Shelters and ticket booths	5 years
Other buildings	20 years
Locomotive and auxiliary power control units	25 years
Other railway rolling stock	25 years
Buses	12 years
Parking lots	20 years
Sundry – Furniture and fixtures	12 years
– Other	3-5 years
Improvements to rail right of way and railway plant	20 years
Leasehold improvements	20 years

When an asset is sold or otherwise disposed of, the costs and accumulated depreciation pertaining to that asset are removed from the accounts and a gain or loss is recorded in the statement of operations.

(d) Commuter services revenue
Revenue is recognized when the transportation service is provided. Unearned amounts are reflected in the balance sheet as current liabilities.

(e) Subsidies
Operating subsidies paid by the Province of Ontario are treated as reductions of operating losses. Capital contributions from the Province of Ontario are included in equity and are amortized to income over the useful lives of the related assets.

2. BUILDINGS AND EQUIPMENT

	1984			1983
	Cost	Accumulated depreciation	Net book value	Net book value
Buildings	$ 28,623	$ 7,350	$ 21,273	$ 22,646
Locomotive and auxiliary power control units	24,978	10,050	14,928	15,629
Other railway rolling stock	148,060	25,482	122,578	60,589
Buses	17,971	9,885	8,086	9,479
Parking lots	5,690	1,653	4,037	4,133
Sundry	4,103	1,844	2,259	2,445
	$229,425	$56,264	$173,161	$114,921

3. OPERATING AGREEMENTS
Substantially all of the services provided by the Authority are operated by outside parties using vehicles and rolling stock owned by the Authority. These services are governed by the following agreements:

Party	*Period of agreement*
Canadian National Railway	June 1, 1977 to May 31, 1987
Gray Coach Lines	to December 31, 1984
Charterways Transportation Limited	December 1, 1983 to December 31, 1984
Canadian Pacific Limited	October 26, 1981 to October 25, 1991

4. SUNDRY REVENUE
The details of sundry revenue are as follows:

	1984	1983
Other income	$1,351	$1,445
Interest income	227	410
Equipment rentals	1,557	463
Advertising revenue	284	192
	$3,419	$2,510

TORONTO AREA TRANSIT OPERATING AUTHORITY

Notes to Financial Statements – Continued
(In thousands of dollars)

5. EXPENSES

The details of expenses are as follows:

	1984	1983
Salaries, wages and fringe benefits	$ 14,622	$ 13,173
Payments to outside parties for operation of services	43,564	38,856
Fuel and oil	7,222	8,921
Other expenses	15,629	15,050
	81,037	76,000
Leases, rentals and user charges	9,436	10,744
Depreciation and amortization	15,972	12,379
Total expenses	$106,445	$ 99,123

Of the total expenses above, $81,037 (1983 – $76,000) is recognized as recoverable, in part, from passengers. The target amount to be ultimately recovered from passengers has been established as 65% of the recoverable expenses. In 1984, total revenue amounted to $47,262 (1983 – $40,877) and represents a recovery of 58.3% (1983 – 53.8%) of the recoverable expenses.

6. COMMITMENTS

(a) Leases

Minimum operating lease payments in each of the next five years and in aggregate are as follows:

1984-1985	$1,378
1985-1986	1,070
1986-1987	934
1987-1988	906
1988-1989	887
Thereafter	5,826
	$11,001

(b) Capital

The Toronto Transportation Terminal Project initially involved the Province of Ontario, the Authority, the Government of Canada, the Canadian National Railway, Canadian Pacific Limited and the Toronto Terminals Railway Company. As the parties could not reach agreement on a satisfactory cost sharing arrangement for the capital costs of the project, work is proceeding at the Authority's expense on a modified program which provides only for the immediate needs of Go Transit services.

The nature and amount of capital commitments undertaken by the Authority, net of payments made to March 31, 1984, are outlined below:

Agreements for the development of the Toronto Transportation Terminal Project	$14,537

7. PENSIONS

The Authority provides pension benefits for its employees through participation in the Public Service Superannuation Fund established by the Province of Ontario. The Province is amortizing the unfunded liability of the plan through a series of annual payments and has charged the Authority for its share of such payments for the year.

8. FIXED ASSETS REVIEW

The Authority undertook a major review of its fixed assets during the year. This review was made in conjunction with a programme to computerize the fixed asset records. During the course of this work some assets were reclassified. An additional depreciation charge amounting to $518 was passed to reflect the changes made to fixed assets in 1983/84.

9. REVISED STATEMENT PRESENTATION

The Authority has changed the statement of changes in financial position from one in which funds are defined as working capital to one in which funds are defined as cash. The change was made to enhance the usefulness of the statement.

TORONTO AREA TRANSIT OPERATING AUTHORITY

Notes to Financial Statements – Concluded
(In thousands of dollars)

10. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the 1984 financial statement presentation.

11. PRIOR PERIOD ADJUSTMENT

A certain portion of the land in Pickering acquired by the Authority prior to this year was transferred from the Ministry of Transportation and Communications at an appraised value as the final cost of the land had not as yet been determined. Subsequent to that time is was determined that the cumulative value of the land transferred was $520 in excess of the actual cost of the land. This $520 has been removed from the land account and the Province of Ontario Equity account by way of this prior period adjustment.

To the Members of the Toronto Area Transit Operating Authority and
to the Minister of Transportation and Communications.

I have examined the balance sheet of the Toronto Area Transit Operating Authority as at March 31, 1984 and the statements of equity, operations and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Authority and to the Minister.

D. F. Archer

Toronto, Ontario,
June 15, 1984.

D. F. Archer, F.C.A.,
Provincial Auditor.

URBAN TRANSPORTATION

Consolidated Balance Sheet
(in thousands

ASSETS	1983 $	1982 $
CURRENT ASSETS		
Cash and short-term deposits	14,297	9,753
Accounts receivable	22,665	15,383
Inventories	4,074	420
Due from shareholder — Province of Ontario	1,928	1,923
Prepaid expenses	148	142
	43,112	27,621
DEFERRED CONTRACT COSTS (note 2)	61,835	37,913
FIXED ASSETS (note 3)	31,791	29,783
DEVELOPMENT AND DESIGN COSTS	18,557	16,626
OTHER ASSETS	799	655
	156,094	112,598

Signed on behalf of the Board

Director

Director

DEVELOPMENT CORPORATION LTD.

as at December 31, 1983
of dollars)

LIABILITIES	1983 $	1982 $
CURRENT LIABILITIES		
Note payable	626	685
Accounts payable and accrued liabilities	14,997	13,564
	15,623	14,249
DEFERRED REVENUE (note 4)	83,855	43,362
LONG TERM DEBT (note 5)	1,180	1,180
	100,658	58,791
SHAREHOLDER'S EQUITY		
CAPITAL STOCK		
Authorized –		
20,000,000 common shares		
Issued and fully paid –		
14,240,008 common shares	35,691	35,691
RETAINED EARNINGS	8,381	5,480
EXCESS OF APPRAISED VALUE OF FIXED ASSETS OVER DEPRECIATED COST (note 1(d))	11,364	12,636
	55,436	53,807
	156,094	112,598

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Consolidated Statement of Earnings and Retained Earnings for the year ended December 31,1983 (in thousands of dollars)

	1983	1982
REVENUE	$	$
Contract (Note 6)	86,288	64,143
Interest income	1,371	5,267
	87,659	69,410
EXPENSES		
Contract Costs	70,927	55,488
General and Administrative	14,477	8,828
Interest	626	1,991
	86,030	66,307
NET EARNINGS FOR THE YEAR	1,629	3,103
RETAINED EARNINGS – BEGINNING OF YEAR	5,480	918
Transfer of excess of appraised value of fixed assets over depreciated cost	1,272	1,459
	6,752	2,377
RETAINED EARNINGS – END OF YEAR	8,381	5,480

Consolidated Statement of Changes in Financial Position for the year ended December 31,1983 (in thousands of dollars)

	1983	1982
SOURCE OF WORKING CAPITAL	$	$
Net earnings for the year	1,629	3,103
Items not representing an outlay (receipt) of funds –		
Deferred revenue taken into income	(21,073)	(3,186)
Depreciation and amortization	2,325	2,271
Deferred contract costs charged against income	16,797	–
Provided by (used in) operations	(322)	2,188
Increase in deferred revenue	61,566	17,575
	61,244	19,763
USE OF WORKING CAPITAL		
Increase in deferred contract costs	38,684	21,483
Increase in deferred development and design costs	3,966	13,950
Net additions to fixed assets	4,250	10,799
Increase in other assets	227	97
	47,127	46,329
INCREASE (DECREASE) IN WORKING CAPITAL	14,117	(26,566)
WORKING CAPITAL – BEGINNING OF YEAR	13,372	39,938
WORKING CAPITAL – END OF YEAR	27,489	13,372

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Notes to Consolidated Financial Statements for the year ended December 31,1983

1. ACCOUNTING POLICIES

The consolidated financial statements of the Corporation have been prepared by management in accordance with accounting principles generally accepted in Canada. The significant accounting policies are summarized below:

(a) Consolidation

These financial statements include the accounts of the Corporation and its subsidiaries.

(b) Inventories

Raw materials are valued at lower of cost and replacement cost. Work-in-progress and finished goods are valued at lower of cost and net realizable value.

(c) Accounting for long-term contracts

Revenues and expenditures on long-term fixed-price contracts are recorded on a percentage of completion basis, determined in accordance with the delivery of contract components. Provisions for losses on contracts are recorded when they become known. Revenues and expenditures under cost-reimbursable contracts are recorded as costs are incurred and fees are earned.

(d) Fixed assets

Fixed assets are recorded at cost except for the Intermediate Capacity Transit System (ICTS) – test track which is recorded at appraised value as at December 31, 1980. The vehicle control centre and test equipment have been valued at market value established by Danbury Sales (1971) Ltd. The building, guideways, track, site services and other components have been valued on the basis of depreciated replacement value established by A. E. Le Page (Ontario) Limited. Additions to the test track facilities subsequent to December 31, 1980 are recorded at cost.

Depreciation commences when the asset is put into service and terminates upon disposal.

Fixed assets are being depreciated by the declining balance method at the following rates per annum. The excess of appraised value of fixed assets over depreciated cost is transferred to retained earnings using the aforementioned method and the following rates:

	Rate %
ICTS – Test Track Facilities	
Building	5
Vehicle Control Centre	30
Guideways	5
Pre-production vehicles	10
Test equipment	30
Other components	10
Track	10
Site services	10
Other operations	
Buildings and land improvements	5 and 10
Automobiles	30
Furniture and office equipment	20
Equipment	30
Manufacturing equipment	10

Leasehold improvements are being amortized on a straight-line basis over the term of the lease plus one renewal period. Computer software is being depreciated on a straight-line basis over five years. Tooling is being amortized on a units-of-production basis.

(e) Development and design costs

The Corporation defers expenditures which are identified with those specific projects for which, in management's opinion, marketable products have been designed and commercial markets identified.

These costs are allocated to contracts on the basis of the Corporation's estimate of the market for these products. When a contract is signed, the applicable development and design costs are allocated to deferred contract costs and subsequently amortized on the same basis as revenue is recognized.

(f) Patents

Patents are recorded at cost and are amortized on a straight-line basis over a period of ten years.

(g) Translation of foreign currencies

All monetary assets and liabilities have been converted to Canadian funds at the prevailing rate of exchange at the year-end.

All non-monetary assets and liabilities and all profit and loss accounts have been converted to Canadian funds at the prevailing rate of exchange at the transaction dates.

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Notes to Consolidated Financial Statements – Continued
for the year ended December 31,1983

2. DEFERRED CONTRACT COSTS

	1983	1982
	(in thousands of dollars)	
	$	$
BC Transit	26,131	30,045
Toronto Transit Commission	25,855	4,538
Southeastern Michigan Transit Authority	8,098	1,535
Other	1,751	1,795
	61,835	37,913

3. FIXED ASSETS

	1983			1982
	Carrying value (note 1(d))	Accumulated depreciation	Net	Net
	(in thousands of dollars)			
	$	$	$	$
TEST TRACK FACILITIES				
Building	2,154	277	1,877	2,024
Vehicle Control Centre	1,300	854	446	637
Guideways	2,423	345	2,078	2,185
Pre-production vehicles	1,800	90	1,710	1,800
Test equipment	200	131	69	98
Other components	7,469	1,971	5,498	5,991
Track	4,323	1,015	3,308	3,587
Site services	2,276	617	1,659	1,843
	21,945	5,300	16,645	18,165

OTHER OPERATIONS

	1983			1982
	Cost	Accumulated depreciation/ amortization	Net	Net
	(in thousands of dollars)			
	$	$	$	$
Land	490	–	490	490
Buildings and land improvements	7,687	664	7,023	7,455
Automobiles	212	111	101	159
Furniture and office equipment	3,007	773	2,234	2,189
Equipment	819	334	485	300
Manufacturing equipment	2,588	207	2,381	997
Tooling	1,274	31	1,243	–
Computer Software	1,154	36	1,118	–
	17,231	2,156	15,075	11,590
Leasehold improvements – at cost	96	25	71	28
	17,327	2,181	15,146	11,618
	39,272	7,481	31,791	29,783

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Notes to Consolidated Financial Statements – Continued
for the year ended December 31,1983

4. DEFERRED REVENUE

	1983	1982
	(in thousands of dollars)	
	$	$
Toronto Transit Commission	40,220	6,193
BC Transit	30,627	33,888
Southeastern Michigan Transit Authority	9,243	2,558
Santa Clara County Transit District	3,039	—
Province of Ontario – Ministry of Transportation and Communications	471	—
Light Rail Vehicle Programs	255	696
Other	—	27
	83,855	43,362

5. LONG-TERM DEBT

	1983	1982
	(in thousands of dollars)	
11.5% first mortgage due in September 1984, secured by land owned by the Corporation and incurring monthly interest payments of $11,308. It is management's intention to renew the mortgage upon its maturity	$ 1,180	$ 1,180

6. CONTRACT REVENUE

	1983	1982
	(in thousands of dollars)	
	$	$
BC Transit	61,022	50,322
Southeastern Michigan Transit Authority	13,677	1,535
Province of Ontario – Ministry of Transportation and Communications	5,137	4,567
Toronto Transit Commission	3,614	577
Light Rail Vehicle Program	627	3,242
Other	2,211	3,900
	86,288	64,143

7. COMMITMENTS

(a) Long-term contracts

The Corporation has entered into various long-term sales contracts for the implementation of transit systems and support activites and/or the manufacture and supply of transit vehicles. As at December 31, 1983 the estimated value of the major contracts, escalated to the projected date of completion is approximately $1.5 billion.

The following summary describes the major contracts that the Corporation has committed to complete:

(i) Vancouver ICTS – Contract with BC Transit (BCT) to implement a 21.4 kilometre ICTS and supply 114 Vehicles by 1986.

(ii) GO Advanced Light Rail Transit System (ALRT) – Contract with the Ministry of Transportation and Communications of Ontario (MTC) to implement a 41 kilometre ALRT system extension to the existing GO Transit network.

(iii) TTC Subway Cars – Contract with the Toronto Transit Commission (TTC) to supply 126 Subway cars by 1987.

(iv) Detroit ICTS – Contract with the Southeastern Michigan Transportation Authority (SEMTA) to implement a 4.7 kilometre ICTS and supply 13 vehicles by 1985.

(v) Santa Clara Articulated Light Rail Vehicles (ALRV) – Contract with the Santa Clara County Transit District (SCCTD) to supply 50 Vehicles by 1988.

(vi) Scarborough ICTS – Contracts with the Toronto Transit Commission and the MTC to supply 24 vehicles and related system support activities by 1984.

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Notes to Consolidated Financial Statements—Continued for the year ended December 31,1983

The Province of Ontario has provided the following guarantees with respect to the Corporation's contractual obligations (in millions of dollars):

BCT Contract—Vancouver ICTS	$300
SEMTA Contract—Detroit ICTS	$ 74
SCCTD Contract—Santa Clara ALRV	$ 61

The Corporation is also committed under various purchase contracts with suppliers and sub-contractors relative to the sales contracts. It is management's policy to secure terms under the purchase contracts similar to those contained in the sales contracts to which they relate. Purchase commitments to December 31, 1983 relating to the long-term contracts are approximately $125 million.

(b) Operating lease commitments

The Corporation is committed to total minimum rentals in the amount of approximately $1.45 million (1982—$3 million) under operating leases for premises which expire during periods ended up to 1987. The minimum annual rental payments due are as follows:

1984	$525,000
1985	$391,000
1986	$314,000
1987	$224,000

8. CONTINGENCIES

(a) BCT Contract

Under the terms of the contract with BCT, the Corporation is contingently liable for damages up to a maximum of $12 million if the ICTS does not attain specific reliability criteria during the second year of revenue service as defined in the contract, in the event that an operations and maintenance contract between BCT and the Corporation is in force. In addition, the current contract provides for a bonus of up to $5 million if the system is operative prior to the scheduled completion date and a penalty of a maximum of $8 million should the system not be operative until after the scheduled completion date. Under the terms of an amending agreement, currently awaiting BCT final approval, the clauses which incorporate the above bonus and penalty provisions will be deleted.

(b) SEMTA Contract

Under the terms of the contract with SEMTA, the Corporation could be obligated to pay up to a maximum amount of $1.2 million if certain schedule and reliability criteria are not attained.

The Corporation is currently negotiating the eligibility of certain costs included in its original proposal relating to the fixed-price portion of the contract with SEMTA. The exact amounts under negotiation have not yet been determined. The settlement, if any, arising from the negotiations will be reflected in the determination of the revenue and costs on the contract. In the opinion of management, the ultimate settlement, if any, of the matters under negotiation will not have a material adverse effect on the Corporation's financial position.

9. PENSION PLANS

The Corporation has pension plans covering all permanent employees. It is the Corporation's policy to fund pension costs as accrued based on actuarial valuations performed a minimum of every three years. As at December 31, 1981, the date of the last actuarial valuation, the pension plans were fully funded.

10. INCOME TAXES

The Corporation and most of its subsidiary corporations are exempt from income tax under Section 149(1)(d) of The Income Tax Act. A subsidiary incorporated under the laws of the State of Delaware, U.S.A. is subject to income tax. At December 31, 1983, this subsidiary had tax losses in the approximate amount of $859,000 (1982—$600,000) to apply against future taxable income. In addition, a subsidiary incorporated under the laws of Canada has unused federal investment tax credits of approximately $500,000 which may be applied to reduce its future income taxes.

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Notes to Consolidated Financial Statements – Concluded for the year ended December 31, 1983

11. RELATED PARTY TRANSACTIONS

The Corporation is obligated under a royalty agreement to make payments to its shareholder based on cash received from the sale of ICTS technology. Under the terms of the agreement, royalties amounted to $556,000 in 1983 (1982 – $584,000).

12. SUBSEQUENT EVENT

Under the terms of an amended purchase agreement dated December 15, 1983, the Corporation agreed with Hawker-Siddeley Canada Inc. (Hawker-Siddeley) to form RailTrans Industries of Canada Limited (RailTrans) to manufacture transit vehicles. Effective January 3, 1984 RailTrans purchased the majority of the assets of the Canadian Car Division of Hawker Siddeley as well as all of the issued and outstanding shares of VentureTrans Manufacturing Inc. (VentureTrans), a wholly-owned subsidiary of the Corporation.

The Canadian Car Division's assets were purchased for approximately $9 million of which $2.5 million was in the form of participating special shares of RailTrans, representing a 20% equity interest in that corporation, $1 million in cash and $5.5 million in the form of 10% promissory notes due over the period to 1988 and guaranteed by the Corporation.

The shares of VentureTrans were purchased for $800,000 in the form of 8,000 common shares of RailTrans representing an 80% equity interest in that corporation. Assets, liabilities and results of operations of VentureTrans

Assets	$13,782
Liabilities	$12,981
Net earnings for the year	$ 0.7

Auditors' Report to the Shareholder

We have examined the consolidated balance sheet of Urban Transportation Development Corporation Ltd. as at December 31, 1983 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the corporation as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

CHARTERED ACCOUNTANTS
February 7, 1984

WORKERS' COMPENSATION BOARD

Balance Sheet
Schedule 1 Accident Fund
December 31, 1983

	1983 $000's	1982 $000's
ASSETS		
Cash	969	10,068
Investments (Note 3)	1,656,331	1,625,285
Other assets (Note 4)	291,666	266,469
Land, buildings and equipment (Note 5)	20,232	19,094
	1,969,198	1,920,916
LIABILITIES		
Accounts payable and accrued charges (Note 6)	44,513	39,029
Estimated present value of future payments to existing Schedule 1 claimants	3,950,000	3,310,000
	3,994,513	3,349,029
UNFUNDED LIABILITY – Page 178	(2,025,315)	(1,428,113)
	1,969,198	1,920,916

See accompanying notes to the financial statements.

Approved by the Board:

Chairman

Vice-Chairman of Administration
and General Manager

To the Workers' Compensation Board and
to the Minister of Labour.

I have examined the balance sheets – Schedule 1 Accident Fund and Schedule 2 of the Workers' Compensation Board as at December 31, 1983 and the statements of income, expenses and unfunded liability – Schedule 1 Accident Fund and of changes in net deposits – Schedule 2 for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances, the estimated present value of future payments to existing Schedule 1 claimants was determined by the Board's Actuary and reviewed by an independent consulting actuary.

In my opinion, based on my examination and the report of the independent consulting actuary, these financial statements present fairly the financial position of the Board as at December 31, 1983 and the results of its operations for the year then ended in accordance with the accounting principles set out in Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Board and to the Minister.

Toronto, Ontario,
May 18, 1984.

D. F. Archer, F.C.A.,
Provincial Auditor.

WORKERS' COMPENSATION BOARD

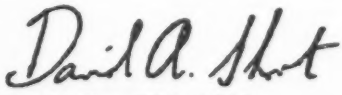
Consulting Actuary's Report on the Valuation of the Actuarial Liabilities of the Schedule 1 Accident Fund of the Workers' Compensation Board of Ontario as at December 31, 1983

The estimated present value of future compensation, pension payments and medical aid under Schedule 1 on account of accidents that occurred on or before December 31, 1983 in the amount of $3.95 billion has been determined by the Board's Staff Actuary, after consultation with us. We believe that the assumptions made in this valuation are appropriate and that the methods employed are in accordance with sound actuarial principles. We have made such tests of the calculations as were deemed necessary. We have also examined the data upon which the calculations were based and found it to be sufficient for the purposes of the valuation and consistent with the Board's financial statements.

The valuation was based on the provisions of the Workers' Compensation Act in effect as of December 31, 1983. However, as in previous valuations, a partial provision has been made for potential future legislated increases in the covered earnings ceiling and the level of pensions in response to inflation, similar to the increases made in recent years. This partial provision was made by using an assumed rate of investment return lower than the rate which would have been used based solely on the yields on the Board's current and future investments. We estimate that this partial provision amounts to $0.50 billion which is included in the present value of $3.95 billion referred to above. The methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns and economic factors.

In our opinion, which includes the foregoing comments, the amount of $3.95 billion as at December 31, 1983 makes reasonable provision for future compensation, pension payments and medical aid under Schedule 1 on account of accidents that occurred on or before December 31, 1983.

Samuel Eckler, F.S.A., F.C.I.A.



David A. Short, F.S.A., F.C.I.A.

May 18, 1984.

Actuaries with the firm of Eckler Partners Ltd.

WORKERS' COMPENSATION BOARD

Statement of Income, Expenses and Unfunded Liability
Schedule 1 Accident Fund
year ended December 31, 1983

	1983 $000's	1982 $000's
INCOME		
Assessments and penalties (net of uncollectible assessments 1983 – $20,535; 1982 – $20,593)	783,518	696,604
Investment income (Note 8)	166,853	170,057
	950,371	866,661
EXPENSES		
Benefits (Note 9)	772,064	651,469
Provision for increase in estimated present value of future payments to existing claimants		
Current	293,000	340,000
Legislative amendments (Note 10)	147,000	210,000
Partial provision for future legislative amendments (Note 11)	200,000	150,000
Accident prevention – Page 183	26,462	26,244
Administration – Page 184	83,294	77,042
Medical and rehabilitation services	19,315	17,862
Mine rescue	768	857
Occupational health and safety	5,670	5,160
	1,547,573	1,478,634
EXCESS OF EXPENSES OVER INCOME	(597,202)	(611,973)
UNFUNDED LIABILITY, BEGINNING OF YEAR	(1,428,113)	(816,140)
UNFUNDED LIABILITY, END OF YEAR	(2,025,315)	(1,428,113)

See accompanying notes to the financial statements.

WORKERS' COMPENSATION BOARD

Balance Sheet
Schedule 2
December 31, 1983

	1983 $000's	1982 $000's
ASSETS		
Cash	80	1,615
Investments	7,888	7,474
Administration expenses recoverable (Note 7)	9,241	8,458
Interest and other receivables	131	138
	17,310	17,685
LIABILITIES		
Due to Schedule 1	7,442	7,760
Net Deposits – Page 180	9,868	9,925
	17,310	17,685

See accompanying notes to the financial statements.

Approved by the Board:

Chairman

Vice-Chairman of Administration
and General Manager

WORKERS' COMPENSATION BOARD

Statement of Changes in Net Deposits
Schedule 2
year ended December 31, 1983

	1983 $000's	1982 $000's
INCREASE IN DEPOSITS		
Reimbursements from employers		
Benefits	65,904	56,934
Administration costs	10,632	10,160
Investment income	738	904
	77,274	67,998
DECREASE IN DEPOSITS		
Benefits to workers		
Compensation	27,603	23,204
Medical aid	10,766	9,837
Rehabilitation	783	557
Pensions	27,547	22,027
Administration costs	10,632	10,160
	77,331	65,785
(DECREASE) INCREASE IN NET DEPOSITS	(57)	2,213
NET DEPOSITS BEGINNING OF YEAR	9,925	7,712
NET DEPOSITS END OF YEAR	9,868	9,925

See accompanying notes to the financial statements.

Notes to the Financial Statements
December 31, 1983

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared using the accrual method of accounting, except for Schedule 2 benefit payments and their related reimbursements which are accounted for on the cash basis.

Investments

Investments are carried at amortized cost for bonds and amortized cost less principal repayments for mortgages. The difference between the proceeds on the sale of a bond or mortgage and its book value is considered to be an adjustment of future portfolio yield, deferred on the balance sheet and amortized over the lesser of the period to maturity of the security sold or 20 years. Short-term investments are carried at cost.

Market values of investments are not disclosed as the Board's policy is generally to hold them to maturity.

Land, buildings and equipment

Land, buildings, equipment and motor vehicles are stated at cost. Buildings, equipment and motor vehicles are depreciated on the straight-line method at rates calculated to amortize the cost of the assets over their estimated useful lives.

Equipment purchases with a unit cost of $1,000 or less and leasehold improvements with a unit cost of $5,000 or less are expensed.

Assessment income

Assessment income is determined on the basis of provisional payrolls reported by employers. At year end, an accrual is calculated to give effect to the additional assessment revenue anticipated as a result of the actual payrolls being greater than provisional.

Estimated present value of future payments to existing Schedule 1 claimants

The estimated present value of future payments to existing Schedule 1 claimants is determined annually by the Board's Actuary and is reviewed by an independent consulting actuary.

WORKERS' COMPENSATION BOARD

Notes to Financial Statements—Continued
December 31, 1983

2. SCHEDULE 1 AND SCHEDULE 2

Schedule 1 relates to industries where the employers are liable to contribute to the accident fund and Schedule 2 relates to industries where the employers are individually liable to pay compensation, medical aid, rehabilitation costs and pensions.

3. INVESTMENTS

	1983 $000's	1982 $000's
Bonds	1 923,252	1,018,111
Mortgages	408,136	415,871
	1,431,388	1,433,982
Unamortized portion of realized losses, net of gains, on sale of investments	22,609	22,301
	1,453,997	1,456,283
Short term	202,334	169,002
	1,656,331	1,625,285

4. OTHER ASSETS

	1983 $000's	1982 $000's
Accrued investment income	31,677	30,949
Accrued assessment income	35,000	20,000
Assessment and other receivables	217,547	207,760
Due from Schedule 2	7,442	7,760
	291,666	266,469

5. LAND, BUILDINGS AND EQUIPMENT

	Cost	Accumulated Depreciation and Amortization	Net Book Value	Depreciation and Amortization Rates
		$000's		
Land	6,754	—	6,754	—
Buildings	10,813	5,039	5,774	2½%
Leasehold improvements	2,540	1,528	1,012	10%
Equipment	18,019	12,163	5,856	20%
Motor vehicles	1,594	758	836	25%
	39,720	19,488	20,232	

6. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	1983 $000's	1982 $000's
Accounts payable and accrued charges	26,812	22,523
Cheques issued and not yet cashed	17,701	16,506
	44,513	39,029

7. ADMINISTRATION EXPENSES RECOVERABLE

The Board administers the payment of worker benefits on behalf of Schedule 2 employers, for which it allocates a charge to Schedule 2 employers based on the total administration costs less certain costs not appropriate to Schedule 2.

8. INVESTMENT INCOME

	1983 $000's	1982 $000's
Investment income	172,471	176,513
Less: Amortization of losses, net of gains, on sale of investments	(5,174)	(6,034)
Investment administration expenses	(444)	(422)
	166,853	170,057

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements – Concluded
year ended December 31, 1983

9. BENEFIT EXPENSES

	1983 $000's	1982 $000's
Compensation	412,498	356,464
Medical aid	101,175	90,005
Rehabilitation	18,852	16,750
Pensions	241,436	189,509
	773,961	652,728
Less recovered from third parties	1,897	1,259
	772,064	651,469

10. LEGISLATIVE AMENDMENTS

The Workers' Compensation Act was amended during the year by consent of the Legislative Assembly of the Province of Ontario. The effect of the amendments was to increase the amount of certain benefit payments made to claimants with the application of these increased payments having an effective date of July 1, 1983.

The effect of the legislative amendments was to increase the estimated present value of future payments to existing Schedule 1 claimants by $147 million.

11. PARTIAL PROVISION FOR FUTURE LEGISLATIVE AMENDMENTS

Each year the estimated present value of future payments to existing Schedule 1 claimants reflects a partial provision for future legislative amendments. This provision is substantially made by using an assumed interest rate lower than the rate which would have been used based solely on the yields on the Board's current and future investments.

The net effect of making such a partial provision for future legislative amendments was to increase the estimated present value of future payments to existing Schedule 1 claimants by $200 million (1982 – $150 million).

The accumulated amount of such partial provisions to December 31, 1983 was $500 million (to December 31, 1982 – $300 million).

12. LEASE COMMITMENTS

The Board rents office space under operating lease arrangements with terms of various expiry dates. The aggregate minimum annual rental under these arrangements for the next five years is as follows:

	$000's
1984	$3,524
1985	$2,711
1986	$2,115
1987	$1,841
1988	$1,742

13. SUPERANNUATION FUND

The Board has a benefit based premium plan, the Superannuation Fund, for its employees and employees of the provincial safety associations. The accounts of the Fund are included in separate financial statements.

14. COMPARATIVE FIGURES

Certain of the comparative figures on the statement of income, expenses and unfunded liability have been reclassified to correspond to the current year's presentation.

WORKERS' COMPENSATION BOARD

Schedule 1 Accident Fund
Accident Prevention Expenses by Category and Safety Association
year ended December 31, 1983

	1983 $000's	1982 $000's
By Category		
Salaries and employees' benefits	15,388	14,156
Travel and vehicle maintenance	2,431	2,349
Supplies and services	519	529
Equipment rental and maintenance	347	425
Depreciation of equipment	309	284
Occupancy costs	1,274	1,167
Security services and insurance	50	50
Communications and publications	4,661	6,300
Other	1,483	984
	26,462	26,244
By Safety Association		
Construction Safety Association of Ontario	7,451	7,692
Electrical Utilities Safety Association of Ontario	1,216	1,210
Forest Products Accident Prevention Association	1,136	1,106
Farm Safety Association, Inc.	673	612
Hospital Accident Prevention Association	1,223	1,077
Industrial Accident Prevention Association	11,407	11,480
Mines Accident Prevention Association of Ontario	1,919	1,617
Ontario Pulp & Paper Makers Safety Association	497	477
Transportation Safety Association of Ontario	940	973
	26,462	26,244

WORKERS' COMPENSATION BOARD

Schedule 1 Accident Fund
Administration Expenses
year ended December 31, 1983

	1983 $000's	1982 $000's
Salaries and employees' benefits	85,547	78,438
Travel and vehicle maintenance	2,374	2,513
Supplies and services	1,687	2,138
Equipment rentals and maintenance	4,254	4,761
Depreciation of equipment	2,327	1,565
Occupancy costs—net	5,103	4,399
Security services and insurance	514	683
Data processing costs	471	576
Communications and publications	7,641	6,725
Chest examining station costs	771	581
Credit reports and legal expenses	664	502
Professional fees and services	463	788
Other	1,969	1,917
	113,785	105,586
Less administration expenses charged to:		
Investment income	444	422
Hospital and rehabilitation centre	100	100
Medical and rehabilitation services	19,315	17,862
Schedule 2	10,632	10,160
	30,491	28,544
Net charge to statement of income, expenses and unfunded liability Schedule 1 Accident Fund	83,294	77,042